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THE SIGNIFICANCE OF BELGIAN COAL IN THE EUROPEAN COAL AND STEEL COMMUNITY

by Christos Zirps

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THE SIGNIFICANCE OF BELGIAN COAL IN THE EUROPEAN COAL AND STEEL COMMUNITY

by

Christos Zirps

Submitted to the
Faculty of the School of International Service
of the American University
in Partial Fulfillment of
the Requirements for the Degree
of
MASTER OF ARTS

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CHAPTER I

INTRODUCTION

The coal industry in Belgium is a sick industry and a political problem. The Belgian government hand in hand with the High Authority of the European Coal and Steel Community have sought to ameliorate the situation through protective measures. But, in the final analysis, the survival of Coal in Belgium hinges on the solution of two problems: the high cost of production and competition from cheaper coal imports and other energy sources.

The Belgian coal industry is the oldest on the continent of Europe. At one time, it was the "anchor of the Belgian economy."[1] Coal was first extracted from the Charleroi basin in the thirteenth century.[2] The Hainaut mines were first worked in the seventeenth century, with some coal being exported to France and Holland. By the end of the eighteenth century, the Liege coal industry was the most advanced on the Continent.[3]

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1. F. Gunther Eyck, "Benelux in the Common Market," Current History , November 1963, p. 300.

2. F. Gunther Eyck, The Benelux Countries. An Historical Survey (Princeton, N.J.: D. Van Norstrand Company, 1959), p. 94. (Hereafter cited as Eyck).

3. Jan-Albert Goris, Belgium (Berkeley, California: University of California Press, 1949), pp. 172-173.

In 1781, James Watt converted reciprocal motion of the piston into rotary motion which made the steam engine a practical prime mover for all kinds of machinery.[4] The Scotsman's invention helped usher in the Industrial Revolution. It was a boon for the coal industry. By 1789, the production of steam engines had created a large demand for coal and iron.[5]

With rich deposits of coal and iron ore, Belgium very quickly was caught up in the Industrial Revolution. She was not only the first to industrialize on the Continent, but also became the most highly industrialized.[6]

In 1815, after the Napoleonic Wars, the Congress of Vienna merged Belgium and the Netherlands into a single kingdom. In reworking the map of Europe, the Congress also took some of France's best working mines and lumped them into this new political entity.[7] The Belgians were not happy with this union; however, their industries continued to flourish. The substitution of coke for charcoal (made from wood) in the iron making

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4. Henry W. Littlefield, History of Europe Since 1815 (Twentieth edition; New York: Barnes and Noble, 1959), pp. 4-5.

5. David Thompson, Europe Since Napoleon (Second edition; New York: Alfred A. Knopf, 1962), pp. 95-96.

6. F. Lee Benns, European History Since 1870 (Second Edition: New York: F.S. Crofts, and Co., 1947).

7. Thompson, op. cit., p. 140.

process in the Liege and Hainaut regions sharply increased the demand for coal.

By 1830, coal mining had burgeoned to such an extent that some collieries employed several hundred workers, an unusual situation in the industries of the day. The mines were well equipped. Of the 12,000 hp of steam force in Belgium, the lion's share - 10,000 hp - was utilized at the coal mines. The remainder was spread cut among other industries.[8] Coal production in Belgium soared to nearly six million tons annually.[9]

The time was now ripe for the Belgians to revolt against the Dutch. They declared their independence on 28 October 1831. Thereafter due to "rich supplies of coal and a spirit of national enterprise", Belgium made such economic headway that soon her degree of industrialization was comparable to that of Great Britain. Their industrial growth kept pace with the British until the 1860s.[10] "By 1870, Belgium had become the most densely populated country in Europe and as intensely industrialized as its British exemplar."[11]

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8. Goris, op. cit., p. 174.
9. Thompson, op. cit., p. 140.
10. Ibid., pp. 158, 235.
11. Ferdinand Shevill, A History of Europe from the Reformation to the Present Day (New York: Harcourt, Brace and Company, 1950), p. 508.

The Belgians inaugurated a railway building program in 1834 which gave even greater impetus to the modernization and expansion of the coal mining industry.[12] By 1875, the Belgian railway network was the densest in the world. It was again necessary to step up and expand coal production to meet the requirements of this great complex.[13]

Around 1870-1880, the iron ore reserves in Belgium were exhausted. Even coal production lagged behind the needs of the nation. Quantities of lignite, anthracite, and coke had to be imported. Other raw materials and semi-finished goods were imported. Henceforth Belgium "became a manufacturing and exporting country."[14]

Belgian territory became a battlefield during World War I and was subject to a great devastation. The country's economy was virtually leveled. From 1914 to 1918, the conquering Germans dismantled complete factories and shipped them *in toto* to Germany. Raw materials and large quantities of machinery were also requisitioned. The retreating German army was prepared to completely destroy the Belgian coal mines to prevent

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12. Goris, *op. cit.*, p. 176.
13. Eyck, *op. cit.*, p. 96; Goris, *op. cit.*, p.177.
14. Goris, *op. cit.* p. 177; Eyck, *op. cit.*, p.97.

their use by the advancing Allies. However, this plan was dropped in the face of threats of reprisals from the Allies.[15]

Economic recovery after World War I was rapid. Within six years after the end of the war, most of the industries were restored. One beneficial outcome of the horrible War was the formation of the Belgium-Luxembourg Union (BLEU) in 1922. Prior to World War I, Luxembourg was part of the German Zollverein. Under this arrangement, the Ruhr was the main source of coal and coke for the steel industries of the Grand Duchy. The Treaty of Versailles broke up the Zollverein, thus making way for the formation of BLEU. Within the framework of BLEU, Belgian coal and coke took the place of German coal; however, its terms did not restrict imports of coal from third countries, or imports from third countries passing across the common border.

By 1926, the Belgian franc was stabilized, and increased industrial investment and economic stability were made possible.[16] The initial payments of German reparations to Belgium, as agreed upon at the Spa Conference, aided considerably in the industrial restoration.[17]

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15. Thompson, op. cit., p. 541. Goris, op. cit., p. 181.

16. Eyck, op. cit., p. 97; Thompson, op. cit., p.619.

17. E.H. Carr, International Relations Between the Two World Wars (1919-1939) (London: Macmillan and Company, 1961) p.54. "Belgium in view of the special severity of her sufferings, was to have priority up to the amount of £ 100,000,000."

Expansion of industry in Belgium continued until the depression of the 1930s.

During this period of expansion, the coal mining industry was entirely mechanized, and new mines were opened in the Kempin (Campine) basin. The annual coal production figure in 1913 was 22,800,000 metric tons. The Campine coal fields added substantially to the industrialization of the Flemish area which had been predominantly agrarian.[18]

Despite modernization and expansion, the coal output during the inter-war period fell short of domestic needs. To bridge this energy gap, large quantities of coal had to be imported. From 1931 on, Belgium, which had virtually been a free trade area, was forced to extend protective measures to the coal mining industry. Belgium remained, however, in the 1930s one of the most highly industrialized nations in the world.[19]

The Belgian coal industry desired to further protect its products against foreign competition by exercising control over the Belgian coal market. In April 1929, the Societe Generale and the Banque de

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18. Goris, op. cit., pp. 182-183.
19. Ibid., pp. 182, 185; Eyck, op. cit., pp. 82, 98.

Bruxelles founded the Comptoir Belge des Charbons Industriels. "This agency centralized the sale of coal to industry and the exportation and importation of industrial coal." Out of a total production figure of 26 million tons of coal annually, Comptoir Belge des Charbons Industriels handled the sale of 8 million tons. This agency functioned until 1934, when the government - with whom it had differences - wrested control from it over production, sales and imports until 1935. The government announced its determination to control the industry by decree. Within the framework laid down by the government, in December 1934, the producers formed a cooperative called Office National des Charbons "to control production, assign production quotas, regulate prices and foreign trade, ...and exclusive control over sales to major public and private consumers and to foreign customers." For coke, an agency, Office Belge des Cokes, with similar functions was formed in 1937.[20]

History grimly repeated itself in May 1940 when Germany again invaded Belgium. Liberation did not come about until 3 September 1944. In the interim, the

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20. Louis Lister, Europe's Coal and Steel Community, New York: Twentieth Century Fund, 1960, p. 278.

Germans conducted another "economic raid on raw materials" and industry. Such large quantities of coal were removed for use by the German war machine that Belgian schools had to be closed in the Winter for lack of fuel.[21]

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21. Goris, op. cit., pp. 417-418.

CHAPTER II

BACKGROUND

I. COAL MINING CONDITIONS

Before considering post-World War II recovery and the problems of integration into the European Coal and Steel Community, it would be worth-while reviewing the conditions that prevail in the coal mining industry of Belgium.

The coal mining industry is a particularly important sector of the Belgian economy. In 1953, approximately 10 percent of the Belgian labor force worked in this industry. The coal industry also accounted for at least 12 percent of all goods produced. The profit-making capacity of the collieries had a considerable impact on the economic situation in Belgium.[1] Only in the Saar was the coal mining industry more important.

The Belgian collieries are usually divided into two groups. The first is the Campine Basin. It is located in the northeast section of Belgium and stretches into the Limburg area of the Netherlands, and then on into the Aachen Basin of the German Federal Republic. There

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1. J.E. Meade and others, Case Studies in European Economic Union (New York: Oxford University Press, 1962), pp. 289-291.

are seven pits operating in the Campine.

The second group - the oldest in Europe - is the Southern Belgium Basin, the greater part of which is the Nord et Pas-de-Calais coal field of France. In 1953, 136 pits were extracting coal from the Southern Belgium Basin.[2] Belgium's southern coal field is made up of four districts: Centre, Charleroi, Borinage, and Liege. The most expensive mines to operate are in the Liege and Borinage districts.[3]

Figure 1 shows the location of these groups.

Of the two basins, the Campine - which started producing in 1917 - is the largest and most modern. The Campine pits had an average annual output in February 1953 of 1.4 million metric tons per pit.[4] By 1957, the average annual output increased to 1.5 million metric tons per pit.[5]

The Campine Basin has large coal reserves. Development of new mines in this area had been postponed by the Belgian government, because of parliamentary polemics over nationalization of the coal mining industry.

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2. Ibid., p. 289.
3. Lister, op. cit., p. 116.
4. Meade, op. cit., p. 289.
5. Lister, loc. cit.

FIGURE 1.

BELGIAN COAL BASINS

In 1957, concessions were granted to open new pits; however, no action has been taken because of the decline in demand for coal.[6]

Coal deposits were first discovered in the Campine in 1901. The Basin is approximately 500 square miles in area. Surveys taken indicate that "half of the exploitable reserves" in the Basin are to be found at depths below 3000 feet. The deepest shaft is at Zwartberg. This shaft goes to a depth of 3,314 feet and took over four years to complete.[7]

At the Dutch border, the depth of the seams is approximately 1400 feet. As the Basin extends westward the seams increase in depth.[8]

The task of developing these shafts was extremely long and costly due to deposits of sand and gravel which were usually water soaked. The first mines in this area did not become operational until 1917, because of the First World War.[9]

The collieries in south Belgium are small and old. When Belgium joined the Common Market, equipment in

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6. Ibid., p. 117.
7. Francis J. Monkhouse, A Regional Geography of Western Europe (New York: John Wiley and Sons, Inc., 1961), pp. 121-122.
8. George W. Hoffman (ed.), A Geography of Europe Including Asiatic U.S.S.R. (Second edition; New York: The Ronald Press, Co., 1961), p. 348.
9. Monkhouse, op. cit., p. 122.

these pits was antiquated, and the average annual pit output was approximately 150,000 metric tons, which was the lowest output in the Community. Conditions, however, were not uniformly bad throughout the south. Perhaps the bleakest outlook was in the Borinage district.[10]

Southern Belgian mines centered around Liege, Namur, and Charleroi serve as a base for the Belgian steel industry.[11] There are no steel mills in the Campine. In the Borinage, coal mining is presently the only industry. The Liege district produces large quantities of anthracite coal. Its economic outlook is good, because it is one of the few producers of anthracite in the world.[12]

Many of the seams in the southern coal field are shattered to the point where the coal must be briquetted or "burnt in situ for underground gasification. The fractured seams hinder mechanization, and fire-damp is prevalent, contributing to a very high accident rate." At Mons, the mines generally exceed 3,300 feet.[13]

The coal reserves in Belgium in 1955 were estimated at about 2.8 billion metric tons. At the present rate of

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10. Meade, op. cit., p. 289.
11. Lister, op. cit., p. 23.
12. J. Russel Smith and others, Industrial and Commercial Geography (fourth edition: New York: Henry Holt and Co., 1955), p. 285.
13. Monkhouse, op. cit., pp. 502-503.

production, these reserves should last about 100 years.[14]

The coal mining conditions in Europe - and especially in Belgium - are adverse. Mines are deep and susceptible to flooding. Such natural conditions (and others listed in Table 1.) make it difficult to close down mines without the possibility of losing reserves. Therefore, the European coal industry has less flexibility in adjusting to the business cycle.

Table 1 effectively describes the predicament of the coal mines in Europe during the late 1940s and early 1950s. Most American bituminous mines, in comparison, are only 400 feet deep.

TABLE 1.

TYPICAL MINING CONDITIONS IN SELECTED COAL PRODUCING COUNTRIES[15]

Condition	Belgium[a]	France	Ruhr	Netherlands
Depth (feet)	2,625	1,465	2,480	1300 - 1800
Seam Thickness (feet)	2-2/3	4-5/8	4-1/3	3-1/2
Gradient	Steep	20 to 40 degrees	Steep	Moderate
Faulting	Much	Much	Much	Moderate
Roof and Floor	Moderate	Moderate	Moderate	Poor roof; Moderate floor
Friability	Soft	Soft	Hard	- -

a. In southern Belgium the seams are thin, the mines gassy and wet, the roof weak and the floor heaving; average depth in the Campine is 2,739 feet.

Because of the harsh conditions reflected in the above Table 1, mining these seams in southern Belgium

14. Hoffman, op. cit., p. 350.
15. Lister, op. cit., p. 94.

results in high production costs. Most of these mines have passed their peak. On the other hand, the seams in the Campine are less faulted than those in the south, and are also flatter and wider.[16] Productivity in the Campine Basin is high, the average annual output per mine in the Campine is higher than any other region in the Community. Most of the southern Belgian mines operated at a loss until subsidies were introduced.

In coal mining, "thicker coal seams are easier to mine up to a point" and are "more adaptable to mechanization." As the seam thicknesses fall to below four or five feet, difficulties in mining increase. The method most commonly used in Europe is long-wall mining. This type of mining "permits full productive operations to begin after comparitively little development." This *modus operandi* saves coal; however, it requires more labor per ton. Higher extractions are possible, and its use is more in line with the short life of reserves. Often the choice in Europe is between deepening an existing mine or opening a new one that is deeper. In early 1950, the output per man-shift (underground and surface workers combined) in American underground bituminous mines was "more than eight times greater than that in the Belgian coal mines."[17]

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16. *Ibid.*, p. 100.
17. *Ibid.*, pp. 94-97.

Because of the inherent weaknesses of the coal industry, it was necessary that the Belgian government formulate new policies designed to improve the competitive strength of her collieries before joining the Community. In order to do this, the Belgian government took the following action:

. Paid subsidies to cover working losses and to stimulate modernization and re-equipment.

. Encouraged amalgamation and closing down of less efficient pits.[18] These moves and their results will be discussed in later sections.

II. POST-WAR RECOVERY (1944-1952)

The end of World War II found Belgium in a relatively good financial position. Post-war recovery, therefore, was rapid and impressive. Yet, the Belgian collieries were not ready to integrate into the Common Market on 10 February 1953 when the ECSC Treaty for coal came into effect.

During World War II, Belgium had lost only 4 percent (EYck states 6 to 8 percent) of her national wealth. This loss was a fraction of that lost during the First World War. The primary reasons for this small loss in capital wealth are:

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17. Ibid., pp. 94-97.
18. Meade, op. cit., p. 291.

. During the war, the Belgian Congo continued to earn foreign exchange.

. After the liberation on 3 September 1944, Belgium became an important base for American and British troops. Large sums of foreign exchange were earned from this source.

. The port of Antwerp became the busiest port on the continent of Europe.[19]

Although her loss of national wealth was minimal, the picture in Belgium was far from rosy at the end of the war. She was beset by war induced shortages of transportation, fuel, raw materials, and food.

The currency was inflated. Some 60,000 Belgians were prisoners outside of Belgium, and about 500,000 workers had been deported to work in Germnn industries.[20]

The Belgian government could not tackle all these problems at once. The first step it took was to stabilize the Belgian franc. In October 1944, the old currency was replaced, and together with other stringent measures, the currency was stabilized and the inflationary spiral was checked.[21] This successful anti-inflationary program augured well for the recovery

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19. Meade, op. cit., p. 104.
20. Shepard B. Clough and Charles W. Cole, Economic History of Europe (Third edition: Boston: D.C. Heath and Co., 1952), p. 775.
21. Ibid., p. 776.

program that followed on its heels.

Dollar and gold reserves increased rapidly in the wake of the currency reform. At the same time that shipping shortages forced a cutback in lend-lease aid flowing from the United States to Europe's shores, Belgium was increasing her financial assistance (under reverse lend-lease) to American troops and facilities over there. Indeed, Belgium was unique among the nations of Europe in terms of lend-lease --- for she gave more than she received vis-a-vis the United States.[22]

In recognition of this, in April and May of 1945, lend-lease credit arrangements for recovery were negotiated for $55 million to Belgium by the United States.[23]

Belgian gold reserves were dwindling rapidly, after having remained fairly steady throughout 1946. This setback stemmed from Belgium's unfavorable balance of trade - she exported half as much as she imported - and from rising American prices in 1947.[24]

Coal and transportation held the key to Western European recovery. Coal production lagged, and most of the transporation facilities lay in rubble. In July

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22. Eyck, op. cit., pp. 102-103.
23. William A. Brown and Redvers Opie, American Foreign Assistance (Washington, D.C.: Brookings Institute, 1953), p. 70.
24. E. F. Penrose, Economic Planning for Peace (Princeton N.J. : Princeton University Press, 1953), p. 339.

1945, the European Coal Organization (ECO) was set up to restore coal production and provide the much needed coal. At this time, Belgian coal production was about 57 percent of prewar level.[25] to alleviate the fuel shortage, an emergency flow of American coal was instituted by ECO and allocated in accordance with agreed needs.

The basic indigenous fuel available in quantities in Western Europe was coal. Fuel production had been seriously impaired by the war. Antiquated equipment together with a shortage of miners and pit props, made the problem of supplying the fuel needs difficult. Another stumbling block on the road to restoring coal production were food shortages which persisted until after 1946. The great physical exertion required in coal mining called for a well-fed work force.[26]

The picture, then, was not good. What made it worse was that in the Belgian mines many of the better seams had been worked out, and it became necessary to go deeper. These new seams were thin and crooked. Working conditions were bad and sometimes hazardous. The shafts were deep, and distances from the shaft to

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25. Robert E. Asher, and others, The United Nations and Promotion of the General Welfare (Washington, D.C. : Brookings Institute, 1957), p. 174.

26. Penrose, op cit., p. 331; Clough, op. cit., p. 869.

the face were great. It is true that Belgian coal production recovered at a good pace, but the low productivity and high wages that followed raised the costs of production and the prices of coal in turn.

Many of these problems that plagued the coal industry had their roots in the short-sighted policies of the interwar period. Immobilizing investments and price equalization policies during that period prevented development of new fields, and kept small firms operating which would not allow substantial progress.[27]

There also developed in the post-war period a chronic labor shortage in the mines. The Belgian coal industry, therefore, turned importation of foreign working men with little or no mining skills. This was particularly the case in the Southern Belgium fields where two-thirds of the Belgian coal production was centered, and where the mining conditions were poor. Belgian miners lacked mobility. Though threatened with unemployment in the marginal pits of the southern coal fields, they were reluctant to move on to the better coal fields of the Campine where they could have been absorbed. Why? Because one area is Flemish and the other Walloon, and the miners would have felt like fish

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27. William Diebold, The Schuman Plan, A Study in Economic Cooperation 1950-1959 (New York: Frederick A. Praeger, 1959), p. 201.

out of water in the new environment.[28]

Post-war recovery in Europe moved forward until the end of 1946 when domestic stockpiles of coal were depleted. Expansion came to a halt. The unusually severe winters of 1946-47, the fuel shortage, and shortage of industrial raw materials from abroad were contributory factors. The United States became alarmed over the grim economic situation in Europe. In June 1947, General George Marshall set forth his broad plan for European recovery based on their own cooperation and initiative. In April 1948, the Convention for European Economic Cooperation was signed by sixteen European countries, Belgium included. The Organization for European Economic Cooperation (OEEC) was set up and economic recovery began anew.

Under the OEEC's 1948-1949 program, the European coal industry was to increase its production, with U.S. aid, by an estimated 13 percent. Production was to be "the touchstone of economic recovery."[29] Belgian increases in coal production fell short of this mark. In fact, production increaced less than 10 percent in 1948, and slightly over 4 percent in 1949 (See Table 2 for other

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28. Ibid., p. 202.
29. Bayard P. Price. The Marshall Plan and its Meaning (Ithica, N.Y.: Cornell University Press, 1955), pp. 94-95.

productivity data). In 1939, the daily output per man had been 1.23 metric tons. In 1949, the output in comparison was a disappointing 1.02 metric tons.[30]

The European Payments Union (EPU) was created within OEEC, and had its first year of operation in 1950-1951. The EPU agreement

> ...provided for a fully automatic multilateral system that would permit each participant to offset its deficit with any member against its surplus with other members, so that each country would need to be concerned only with its balance of payments with the rest of free Europe as a whole, and not its balance with any single member of the union.[31]

Belgium was considered to be a prospective creditor nation under EPU, and therefore was assigned an "initial debit balance", which represented transfer of prospective surplus materials to EPU. Belgium received "conditional aid" for these materials as part of the ECA dollar allocation.[32] Belgium did in fact become an extreme creditor nation.

From 1947 on, the Belgian government initiated a program of subsidies, grants-in-aid for investment and re-equipment to improve coal productivity.

Belgium, because of her favorable financial position, did not receive American aid. Marshall Plan

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30. Smith, op. cit., p. 292.
31. Price, op. cit., p. 143.
32. Ibid., p. 144.

TABLE 2.

PRODUCTIVITY STATISTICS: BELGIUM [33]

	1947	1948	1949	1950	1951
1. Total net output (1,000 tons)	24,274	26,624	27,784	27,234	29,622
2. Total number of underground miners on books	114,969	122,282	122,861	111,825	113,983
3. Number of working days underground					
a) days of extraction	27,805,776	29,836,827	29,528,306	26,385,171	27,472,859
b) days of non-extraction	434,279	523,370	500,893	263,828	337,306
c) total (a + b)	28,240,055	30,360,197	30,029,199	26,648,999	27,810,165
4. Output por worker underground por year (tons)	211.14	217.73	226.14	243.54	259.88
5. Avorage number of days worked per year by underground worker on books					
a) during days of extraction (3(a) ÷ 2)	241.85	244.00	240.34	235.95	241.02
b) during days of non-extraction (3(b) + 2)	3.78	4.28	4.08	2.36	2.96
c) total (3(c) + 2)	245.63	248.28	244.42	238.31	243.98
6. Output por underground worker on books per working day (1 + 3(c)) (kgs.)	859	877	925	1,022	1,065
7. Shifts lost per underground worker on books excluding overtime					
a) Public holidays	-	-	-	11.65	11.76
b) Annual holidays	-	-	-	8.60	8.79
c) Disputes	-	-	-	7.09	3.25
d) Technical stoppages	-	-	-	0.64	0.16
e) Economic stoppages	-	-	-	2.91	-
f) Sickness	-	-	-	21.17	22.71
g) Accident	-	-	-	5.65	6.33
h) Excused absence	-	-	-	5.70	5.80
i) Unexcused absence	-	-	-	14.54	14.71
Total	-	-	-	77.99	73.51
8. Difference between 365 and 5(a) + 7	-	-	-	51.06	50.47

33. OEEC, Coal Production and Supplies for Western Europe in 1952 and 1953: Second General Report of the Ministerial Coal Production Group, 1953 (Paris: OEEC, 1953), pp. 48-49.

financial aid to Belgium took the form of "conditional aid" rather than grants. This aid served to stimulate needed investments and export trade. Nearly 80 percent of the counterpart funds were put into the coal industry as investments. This amounted to over $24 million from April 1948 until the end of 1956. Investments per ton rose from Bfr 37.7* in 1949 to Bfr 96.28 in 1952.[34]

It would seem that the Belgian government had initiated a crash financial program to improve the coal industry in anticipation of entering the Common Market for coal in 1953. This late start and high rate of investment did little to solve the problems of the Belgian coal industry, because of insufficient government control of the program. As Price states the problem:

> The benefits of (financial) stability were to some extent offset by a lower rate of investment and greater unemployment in Belgium than in the other countries of northern Europe. The lag in investment left Belgium a high-cost producer, more vulnerable to competition when the era of shortages had passed.[35]

Had the Belgian government started an all-out investment program in 1944-1945, the picture might have

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* In 1938, the rate of exchange was 29.68 per U.S. dollar; in 1950, it became 50.12.

34. Ibid., p. 263; Diebold, op. cit., p. 202.

35. Price, op. cit., p. 262-263.

been more encouraging. It must be remembered that Belgium is the only country in Europe in which all the mines are owned by private individuals. The government encouraged the closing down of less productive mines, and amalgamation whenever possible; however, the closing down of mines resulted in unemployment and discontent. Beyond this, the government was reluctant to stick its nose into what it believed to be private business.

A little might be said here about the Benelux union - a precursor of ECSC. Benelux was born with the signing of a customs union convention in London in 1944 by Belgium, Luxembourg, and the Netherlands. It began to function as a customs union on 1 January 1948. Customs duties were eliminated and a common tariff was established without a transitional period. Until this time, in BLEU, Belgium and Luxembourg had a special arrangement in which Belgium provided Luxembourg with sufficient coke for steel production, and Luxembourg furnished Belgium with finished steel.[36]

Europe was slowly approaching its 1938 coal production level by 1950. Belgium led the field at this time, running well ahead of her pre-war production.

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36. Meade, op. cit., p. 109.

In 1950, her annual coal production was 27,234,000 (see Table 2) as against 19,585,000 metric tons in 1938.

As early as 1949 and 1950, OEEC voiced concern over the excess stocks of coal building up in Belgium. Due to continued imports of U.S. coal under long-term contracts, Belgium was unable to dispose of her current output. In order to continue increased production and eliminate stockpiling, the Ministerial Coal Production Group of OEEC recommended that "both producing and consuming countries should regularly collect, from their own nationals, and supply to the appropriate internation body, adequate information about their stock position."[37] In this way, it was hoped that by 1954 large quantities of coal imports could be dispensed with.

Early in 1950, Belgium began to retrench. As shown in Table 2, coal production was almost 1.2 million metric tons less in 1950 than in 1949. This was mainly a result of the steel production cutback. During 1949 and 1950, some Belgian coal producers even exported a large bulk of their output at prices below the domestic prices to rid themselves of it.

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37. OEEC, Second Report, op. cit., p. 21.

In June 1950, the outbreak of the Korean War gave new life to the coal and steel industry. Coal once again was in short supply, with 25 million tons of U.S. coal being imported into Europe in 1951 to keep her industries moving.[38]

Belgian coal production in 1951 increased almost 9 percent over the 1950 figure at a time when coal imports were coming into Europe in a great quantity. The steel industry was unable to use up this glut of coal. By 1952, Belgium was still faced with the problem of disposing of her coal stocks.

Soon Belgium would be in the Common Market for coal. Her coal industry was riddled with many problems; problems that would not be solved quickly, and possibly not at all.

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38. Brown and Opie, op. cit., p. 252.

CHAPTER III

INTEGRATION INTO ECSC

I. ATTITUDES ON INTEGRATION

On 9 May 1950, the French Foreign Minister M. Robert Schuman declared that the French government proposed to negotiate with Germany "to place Franco-German production of coal and steel under a common High Authority, within the framework of an organization open to the participation of the other countries of Europe."[1]

This plan - which became known as the Schuman Plan - was enthusiastically endorsed by the Belgian government.

At the time of the proposal, Belgium's coal industry was harassed by unemployment, forced cutbacks in production, and excess coal stocks. Financial assistance from the government was being extended to the coal industry in an effort to modernize the mines, and make Belgian coal more competitive with the other coal producing countries of Europe.

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1. Information Service of the European Communities, Ten Years of the Coal and Steel Common Market (Ghent: Erasmus, 1963), p. 13.

The government, on May 27 made its decision to attend the forthcoming Paris Conference to take part in the negotiations.[2]

The advatages of joining such a union were both political and economic. Politically, Belgium had always been an advocate of European integration. Joining such a community would be another rung up the ladder towards a united Europe. Economically, such an organization might help to solve many of the Belgian coal problems. Prior to entering such an organization, however, special commitments to protect high-cost Belgian coal would have to be negotiated.

Coal, as ever, was a very important part of the Belgian economy. Exposing it to competition with low-cost coal without some sort of protection might prove disastrous, especially if government subsidies and other support had to be removed.

Within Belgium's coal industry, feelings on integration varied. For the most part, labor welcomed integration, management did not. The Belgian mine owners, unaccustomed to government direction since the end of

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2. John Goormaghtigh, "European Coal and Steel Community," International Conciliation (May 1955), p. 352.

the war, viewed with dismay the idea of controls by a High Authority.[3]

As might be anticipated, among the most opposed to the Treaty were the industrialists and workers of the Borinage coal region. The mine owners, fearing shutdowns, organized a campaign against the plan. The campaign met with failure, however, because the users of coal realized that they were paying the subsidies to keep the marginal coal mines in operation. Coal prices had placed a "drag on the entire economy and had made export prices of Belgian products too high."[4]

Shortly after the negotiations for the drafting of the coal and steel treaty were underway, in June 1950, the Korean War broke out. The war brought on a renewed demand for coal. This demand postponed the shutting down of high-cost marginal mines. As mentioned earlier, the end result was that Belgium was stuck with even greater coal surpluses on her hands. This critical situation intensified the need for joining the Community.

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3. Diebold, op. cit., p. 107.
4. Henry L. Mason, The European Coal and Steel Community: Experiment in Supranationalism (The Hague: Martinus Nijhoff, 1955), pp. 99, 7.

II. NEGOTIATIONS AND RATIFICATION

On 20 June 1950, the delegates gathered in Paris for the drafting of the coal and steel treaty. Max Suetens headed the Belgian delegation with Pierre van der Rest for steel and Pierre Delville as the spokesman for the coal industry.[5]

Around the negotiation table, the Belgian delegates worked to check the powers of the High Authority and to "ensure greater freedom for business within the Community."[6]

Belgian business was accustomed to having the last word in pricing, marketing and self-organization. Therefore, the Belgian delegates were wary of the supranational powers of control by a High Authority over business. Belgium enjoyed a very rapid recovery after the Second World War, and did not want to jeopardize her economic position.

At the second session in July 1950, the Belgians and Dutch jointly proposed the establishment of an intergovernmental body to subject the High Authority to some kind of review. The French fought the arrangement; however, agreement was arrived at, and the Council of

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5. Diebold, op. cit., p. 107.
6. Ibid.

Ministers was authorized.[7] The Belgian negotiators were apprehensive that controls over business by an international authority might prove to be unconstitutional in Belgium.

The Belgians were not completely happy with what they were able to achieve at the negotiation table. Pierre van der Rest summed up Belgium's disappointment when he said:

> I persist in believing that it would have been possible to establish a regime that was more supple and entailing less risk of leading to a dirigisme that could become excessive because of the powers of decision that are entrusted to the High Authority and because initiatives that until now - at least in our country - could be taken by the heads of business to deal with certain situations are terribly restricted ...But this is a matter of a compromise solution and for a country of the relatively small importance of Belgium one cannot have the illusion that we could obtain one hundred percent of all the guarantees and arrangements we would desire.[8]

Viewed realistically, France and Germany were the most important partners in the Community. Without them, there could be no Community for coal and steel.

The Treaty draft was completed in December 1950, and turned over to the governments for review. Certain sections of the Treaty draft were left blank, and it was up to the governments to fill in these specifics

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7. Ibid., p. 63.
8. Ibid., p. 107.

which included:

. The size of the High Authority, and method of choosing it.

. Voting procedures in the Council of Ministers.

. A number of other organizational matters, principally those dealing with the relations between the large and small members.[9] The Benelux countries and Italy were justifiably concerned about the two major producers, France and the German Federal Republic. They wanted to assure themselves that a coalition of the French and German vote did not make the Community an instrument of their control.

Solutions for the Belgian coal problem were not included in the draft Treaty, but were left with the Transitional Committee to be worked out.

The European Coal and Steel Community Treaty was signed by the Foreign Ministers - Paul van Zeeland for Belgium - on 18 April 1951.[10] The Treaty was then turned over to the Parliaments for ratification.

During debate over ratification, many reservations and outright fears were voiced in the Belgian Parliament , as in most of the other Parliaments of the Treaty signators. In general, the discussion followed

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9. Ibid., p. 105.
10. Ten Years of the Coal-Steel Common Market, op. cit., p. 13.

these lines:

> ...the businessmen's fear of dirigisme; others' fears of an uncontrolled businessmen's association; desire to "build Europe" versus concern over absence of Britain and other countries in this smaller grouping; the dislocating impact of removing trade barriers versus the advantages of getting rid of them; political control versus "technocracy," the question whether Germany would dominate the pool; and so on.[11]

The voting methods drawn up and the establishment of the Council of Ministers were devised to lay to rest fears that the large nations would ride roughshod over the opinions and needs of their smaller brothers.

However, predictably, much of the heat of the controversy erupted over the plight of the high-cost coal mines. There was much apprehension that a Common Market for coal would mean cutbacks in Belgian production and result in more unemployment. The coal industry waged war against ratification of the Treaty; but it was generally realized that whether the Treaty was ratified or not, something would have to be done to solve the problems of the coal industry.

There was much debate in the Belgian Parliament on the constitutionality of such a Treaty. Some senators felt that granting such control to the High

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11. Diebold, op. cit., p. 105.

Authority would prevent the Belgian courts from "checking abuses". This group believed that such authority should be given to a court, and not to an executive body. They also feared loss of sovereignty and loss of "personality" if Belgium should join such an organization.

Foreign Minister van Zeeland pointed out that as long as the Treaty was in Belgium's interest "it could not ... limit ...Belgian sovereignty." In addition, he noted that the constitution did not specifically forbid Belgian participation in the Community.[12]

There was some talk about amending the constitution in order to pave the way for entry into the Common Market for coal and steel, but, in the final analysis, such a move was considered unnecessary. As one senator remarked:

> We have violated the constitution before the war, during the war, and after the war. We have violated her in such a way that the poor girl does not even complain any more, she does not cry any longer. Such constitutional considerations do not even interest me any more.[13]

The Socialists had long seen nationalization as the panacea for the coal industry's problems. They were therefore in favor of some reorganization law, at least

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12. Mason, op. cit., pp. 17-19.
13. Ibid., p. 18.

to control the collieries before Belgium entered the Community. They made little headway with this plan. Indeed, just before the Treaty came up for ratification, the Socialists had been defeated in a motion for the "immediate modernization" of the coal mines."[14] When the Treaty came up for a vote in the Senate, it was ratified on 5 February 1952. The vote was 102-4 with 58 abstaining. The Chamber was also split in its support of the Treaty. Under the urging of Paul-Henri Spaak, however, the Treaty ratification was completed on 11 June 1952 by a vote of 165 - 13 with 13 abstaining.[15]

The Socialists were in a quandary. They feared that ratification would result in large-scale unemployment. Yet, at the same time, they could not help but look favorably upon this Treaty, because of their traditional interest in internationalism.[16] The final vote gave a decisive victory for ratification. The victory, however, was gained in the face of strong and bitter opposition. Of the 56 Socialists present in the Chamber six voted against the Treaty with 13 abstaining. The

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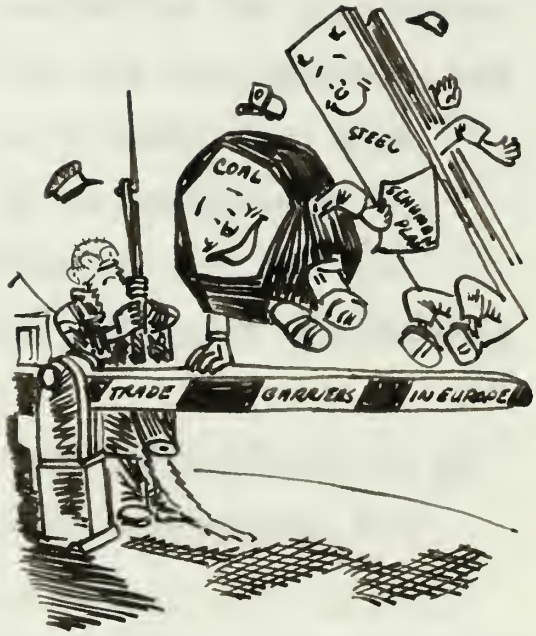
14. Ibid., p. 11.
15. Diebold, op. cit., pp. 83, 106-107.
16. Hans A. Schmitt, The Path to European Union. From the Marshall Plan to the Common Market (Baton Rouge, Louisiana: Louisiana State University Press, 1962), pp. 82-83.

"One side, Bud - We're citizens of Europe now"



Herblock in the Washington Post

seven Communists in the Chamber voted against the Treaty.[17]

In general, in the Chamber, the Socialists, the Liberals, and the Social Christians were in favor of the Treaty. The Communists were naturally against it.[18]

The ECSC Treaty came into force on 25 July 1952 with a fifty year lease on life.

Its purpose as envisioned by its creator Robert Schuman:

> Rational organization of joint production of coal and steel in a market of 170 million people, with no tariff walls and no quotas, was to raise the standard of living of the whole population, while reciprocal supervision, democratically exercised by a High Authority, would ensure that neither coal nor steel could be used in any unilateral preparation for aggression.[19]

The provisional seat for the High Authority and the Court of Justice was to be in Luxembourg, with the Council of Ministers set up in Strasbourg. The final determination of the permanent seat for the High Authority was to await the outcome of negotiations on the Saar.

Schuman had proposed that the headquarters for the High Authority be located in Saarbrachen, but

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17. Ernst B. Haas, The Uniting of Europe: Political, Social, and Economic Forces 1950-1957 (Stanford, California: Stanford University Press, 1958), p. 156.
18. Mason, op. cit., p. 11.
19. Ten Years of Coal-Steel Common Market, op. cit., p. 4.

Konrad Adenauer, then Chancellor of West Germany, was against such a plan. He felt that this "implied Europeanization of the Saar" would hinder Germany's claim on the Saar. Belgium and Holland frowned upon this compromise. They felt that such a decision so early in the organization by the two larger members set a bad precedent - "a complaint which reappeared later on other Franco-German agreements."[20]

III. CONVENTION FOR THE TRANSITIONAL PERIOD

It was clear that the Treaty provisions could not come into effect overnight. It was left to the Transitional Committee to draft the terms of the Convention, which were to be the rules during the five-year transitional period. As might be expected, the thorniest problems they faced centered mainly on coal. For the Committee had to hammer out temporary measures to ease the problems of dislocation, which would certainly result from the abrupt removal of protective measures on coal production.

The Belgians were particularly concerned about their high-cost production mines, and the necessity of

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20. Diebold, op. cit., p. 110.

closing down many marginal mines. Subsidies seemed to be the answer, but Belgium did not want to bear the burden alone. "How much, how long, and who should pay proved very troublesome questions."[21]

The Germans, who stood to pay the most, were against contributing to such a program. They felt that the problem was one for the Belgian government to iron out by itself. In fact, West Germany preferred that Belgian coal stay outside the Community for the present.[22]

It was finally agreed, however, that in view of their lower cost production, the German and Dutch coal producers would have to pay compensations so that the Belgian coal mines could be integrated into the new situation.

The compensation levy was to be in the form of a percentage of receipts. It was to start with a maximum levy of 1.5 percent and to reduce by 20 percent of that figure each year. There was no indication as to how average costs would be determined. The levy collected was to be divided between the Belgian and the Italian collieries, with the governments of these

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21. Diebold, op. cit., p. 66.
22. Schmitt, op. cit., pp. 71-72.

countries contributing an equal amount.[23]

Belgium also received a guarantee that in entering the Community her coal output would not be reduced by more than 3 percent a year during the period of transition. This provision was to prevail unless the production of the other members reduced proportionately.

The provisions above were set forth in Section 26 of the Convention (See Appendix A). Certain broad purposes were to be accomplished by this compensation scheme for Belgium:

1. "...to enable the prices paid by users of Belgian coal to be somewhere near those paid by consumers of other coal in the Community.
2. "...to ensure that the Belgian steel industry was not placed in a relatively disadvantagious position because of high fuel costs, and
3. "...to permit Belgian coal to be sold elsewhere in the Community in such amounts as the High Authority might deem necessary."[24]

With High Authority approval, the Belgian government was also permitted to retain or to reintroduce

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23. Meade, op. cit., p. 291.
24. Ibid., p. 291-292.

trade barriers with other coal producing countries.[25]

One of the first measures in the establishment of the Common Market was the reduction or abolition of previously existing trade barriers. This was actually of little consequence for coal as it entered virtually duty-free in all member countries except Italy which had a duty of 15 percent on all coke imports.[26]

As there was no guarantee that the transitional period measures would be sufficient to accomplish its purpose, a special clause was added to the Convention permitting the Belgian market to separate from the Community after the transitional period for a maximum of four years if necessary to complete the transitional process. The Belgian government, with the approval of the High Authority, would be authorized to grant subsidies to coal producers to achieve the required adjustments.[27]

The Common Market for coal was established on 10 February 1953 when the High Authority took office.

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25. Ibid., p. 292.
26. Ibid., p. 200.
27. Ibid., p. 292.

CHAPTER III

ACTIVITIES IN ECSC

I. ORGANIZATION OF THE COAL INDUSTRY

Ownership of collieries. The coal mines in Belgium are privately owned. The southern Belgium firms operate one or more small mines each. In the Campine, the seven pits are operated by seven independent firms.

Many of the pits in the south are owned by four financial groups in Belgium. Three of these financial groups and French steel interests control 100 percent of the firms in the Campine. In 1955, 58 percent of the coal production in southern Belgium was owned by these groups. The remaining 42 percent was owned by independents. Table 3 shows the concentration of ownership of Belgian coal production as of 1955.

In addition to the holdings shown in Table 3, the Societe Generale also has interests in the Maatschappij tot Exploitatie van Steekolenmijnen Laura coal mines in Limburg, Holland.[1]

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1. Lister, op. cit., p. 142.

TABLE 3.

CONCENTRATION OF CONTROL OF BELGIAN COAL PRODUCTION, 1955[2]

(amounts in thousands of metric tons)

Group	Campine		South		Total	
	Amount	%	Amount	%	Amount	%
Societe Generale	3,302	37	5,354	27	9,156	30[a]
Launoit[b]	1,601	16	4,513	23	6,114	20[a]
Coppee	1,262	12	994	5	2,256	8
Sofina	-	-	572	3	572	2
French Steel	3,540	35	-	-	3,540	12
Independents	-	-	8,385	42	8,385	28
Total	10,205	100	19,818	100	30,023	100

(a) About 1/3 used for coking.
(b) Sometimes called Confinindus-Brufina.[3]

In addition to these groups indicated in Table 3, a Luxembourg firm ARBED - Acieries Reunies de Burbach-Eich-Dudelange - has some coal subsidiaries in Belgium.[4]

When the Campine coal basin was discovered, the Belgian government considered complete state ownership of this basin following the Dutch example. But in the end the government only took over three reserves. These are strategically located in the western, center, and eastern parts of the field and occupy about one-sixth of the total basin.[5]

2. Ibid., p. 141.
3. Ibid., p. 137.
4. Diebold, op. cit., p. 129.
5. Monkhouse, op. cit., p. 122.

The question of nationalization of the pits came up in the Belgian Parliament as early as 1920, but the proposal was not approved. In 1953, a bill for opening new mines in the Campine went down to defeat because of the concentrated efforts of the Socialists who hoped to later push through a bill on nationalization. In June 1957, the Belgian government submitted a bill to the Parliament for the granting of additional pit concessions in the Campine on a nationalized basis. A coalition of Socialists and Liberals passed the bill.[6] However, no new pits have been opened to this date, because the demand for coal has not been great enough to warrant additional pit openings.

In accordance with Article 83 of the Treaty, nationalization of mines is not an illegal act as long as it does not interfere with the provisions of the Treaty.[7]

Reorganization. The efficiency of coal mining is dependent on the mine's size and its preparation plant. The High Authority felt that concentration of pits would improve the efficiency of the Belgian coal indsutry; however, nothing had come of their pro-

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6. Lister, op. cit., p. 117.
7. ECSC. Treaty Establishing the European Coal and Steel Community. (London: Fanfare Press Ltd.) p. 55.

posal until 1957 and 1958, when a number of marginal pits were closed and their coal brought to the surface by neighboring mines whose improved surface equipment rendered them more productive.

During the transitional period, the Belgian government favored amalgamations, and the closing down of less efficient and high-cost production pits. Modernization also was encouraged to increase production and reduce costs. Closing of pits, however, was a very touchy business because of the unemployment and social problems that it would leave in its wake.

The Campine and the anthracite-producing Liege mines presented no problem. The problem centered around those mines in the Southern Belgium Basin which were small and lacked capital for full-scale modernization. Therefore, this section will concentrate on the reorganization of the collieries in southern Belgium.

Table 4 shows the Belgian mines in operation throughout the first ten years of membership in the Community. From 1951 to the end of 1962, 95 pits have been closed. Thirteen pits were closed before entry into the Common Market for coal on 10 February 1953 in anticipation of integration.

TABLE 4.

PITS IN OPERATION BY COAL FIELD [8]

Date	Centre	Charleroi	Liege	Borinage	Campine	Total
1 Jan. 1951	18	62	41	28	7	156
10 Feb. 1953	17	59	35	25	7	143
10 Feb. 1958	15	52	26	20	7	120
1 Jan. 1959	12	47	23	18	7	107
1 Jan. 1960	..... a total of 83				7	90
1 Jan. 1961	..... a total of 66				7	73
1 Jan. 1962	3	29	19	5	7	63
1 Jan. 1963	3	29	17	5	7	61

During the transitional period, very little was accomplished towards integration by the coal industry, although 23 pits were closed, and subsidies were paid to various mines for improvements and to cover losses. The main problem seemed to stem from the unwillingness of the Belgian government to take drastic measures to insure that reorganization in the coal mining industry was taking place.[9] Toomuch reliance had been placed on the coal producers to set up a program of reorganization under their own initiative. In terms of planning, the government left a vacuum which it hoped the coal producers would fill, but in fact, the producers did not.

Some mine owners, in lieu of modernizing their mines, used the subsidies paid to them mainly for pay-

8. Seventh General Report, op. cit., p. 77; Eleventh General Report, op. cit., p. 241.
9. Diebold, op. cit., p. 598.

ing off their debts. The High Authority felt compelled to insist that the subsidy payments be used chiefly for capital investments. The High Authority's urgings, however, were for the most part ignored.[10]

The transitional period was a booming period. There was a need to keep low-output, high-cost mines operating, and to import coal as well. Not until the coal crisis hit in 1958 did a reorganization program - which meant the closing down of marginal mines - move forward with vigor.

Until 1957, high-cost mines, which were still independent, "discouraged ties of a proprietary nature."[11] At the end of the transitional period in 1958, 48 firms were operating 113 mines in southern Belgium with an average annual output of about 400,000 metric tons per firm and 170,000 tons per mine.[12] Subsidies were still required in order to accomplish full-scale reorganization.

The Belgian government submitted proposals to the High Authority for further subsidization of the coal industry. The High Authority would not accept these proposals unless they were accompanied by a definite

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10. W.O. Henderson, The Genesis of the Common Market (London: Frank Cass and Co., Ltd., 1962), p. 152.
11. Meade, op. cit., p. 282.
12. Lister, op. cit., p. 116.

reorganization program.[13]

The Belgian government assigned the task of working out a reorganization plan to a group of experts within the Conseil National des Charbonnages. A law was passed on 24 January 1958 remodeling the Conseil National "in order to facilitate the operations for the structural reorganization of the coal mining industry, such as shutdowns, regroupings and mergers." Powers of decision in these matters were given to the Conseil National under Article 7 of the law.[14]

The group was established on 24 July 1958 and met on 7 August. Three High Authority representatives sat in. Two committees were set up. One was the Economic Sub-Committee which was to study the possible selling prices which would have to be fixed for Belgian coal to make it competitive in the Community. The other was the Technical Sub-Committee which was to study the possibilities for adjusting the costs of the Belgian collieries to the market requirements. The Sub-Committee was also to study plans for regional conversion.[15] Reports on their findings were to be made to the Conseil National.

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13. ECSC, Ninth General Report on the Activities of the Community (Luxembourg: 1959), p. 78.
14. Ibid.
15. Ibid.

The Economic Sub-Committee's report was submitted 30 October 1958 and was adopted unanimously. The report divided coal into three markets; coking coal, steam-raising coal, and household coal. The following recommendations were made:

1. If coke is to sell, it must be competitive with the Ruhr, and therefore a price reduction of 10-15 percent is necessary.

2. As steam-raising coal is in great competition from other energy sources and consequently experiencing a steadily decreasing market, prices should again be level with pithead prices. A reduction of 15-20 percent was called for.

3. The price of anthracite would be unchanged, or reduced 5 percent, depending on further cuts required by oil competition.

Using this report, the group worked out the production volume to be maintained for each type of coal within the existing industrial structure. The report made by the group was entitled, Consequences des reductions de prix sur le volume de la production, and constitutes the framework of the reorganization program. It was approved by the Conseil National on 8 December 1958.[16]

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16. Ibid., pp. 78-79.

The study by the Technical Sub-Committee was to be a more lengthy undertaking, as it had to examine each coal field to find out just what action was needed to trim production costs.

The Sub-Committee began with the Borinage and submitted its report to the Conseil National on 19 January 1959. Their findings indicated that five marginal collieries should merge in the Borinage to form one company operating five pits (at the moment, they were operating 14).

The report was not accepted. The main objection to the proposal was that the Borinage area was primarily a one-industry economy dependent on coal mining, and that "a cushion for the social impact" of unemployment had to take place before reorganization could be effected.[17]

A plan for the Borinage was finally accepted in February 1959. The acceptance led to a number of severe strikes and disturbances in the area. The plan called for the regrouping of five companies into one. Two other companies would remain independent. Certain production capacities were to be eliminated, and seven pits were to be closed, of which three closures had

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17. Ibid., pp. 79-80.

already been accomplished.[18]

The program for the Centre district was considered in June 1959, and approved by the Conseil on 26 October. Three collieries were to be regrouped into one company, and six other pits were to be closed (thus reducing production from 1.2 to 0.9 million metric tons).[19]

In July 1959, the Charleroi plan - calling for closures only - was reviewed. No plan had been drawn up for the Liege district, although some pits were closed under their own initiative.

But it was not all closures. In the Campine, the committee plan recommended expansion of production for that coal-rich area. The Campine reserves through legislation belong to the State; however, as was mentioned earlier, because of the coal crisis and reduction in demand, new pits were not opened and in fact have not been opened to this date.[20]

Through 1958 the High Authority had to remind the Belgian government that under Section 26 of the Convention subsidies and tonnages subsidized had to be approved by the High Authority. The High Authority

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18. ECSC, Eighth General Report on the Activities of the Community (Luxembourg: 1960), p. 143.
19. Ibid., pp. 143-144.
20. Ibid., p. 144.

was itself required to submit the figure on the tonnages to be subsidized to the Council of Ministers every two years for approval. Subsidies paid by the Belgian government were also to be scaled down. On 13 January 1959, the Belgian government made a decision to establish a program of regularly decreasing subsidies for the next few years. This new plan for economic assistance called for payments as follows:

1. In 1958, Bfr 900 million.
2. In 1959, Bfr 800 million.
3. In 1960, Bfr 600 million.
4. Nothing was to be paid from 1963 onward.

The subsidies would be paid through the Conseil National which would supervize the utilization of the money granted.[21]

The progress of the reorganization program went well during the period 1958 to 1961. Forty-six pits were closed. Based on 1957 production figures, this was a cut of some 6,300,000 metric tons. Closures effected and planned were highest in the Borinage and Centre areas with 58 percent in the Centre, 59 percent in the Borinage, and 32 percent of both the Liege and Charleroi areas.[22]

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21. Seventh General Report, op. cit., pp. 77, 80.
22. ECSC, Ninth General Report on the Activities of the Community (Luxembourg: 1961), p. 108.

On 31 July 1959, the High Authority submitted to the Council of Ministers the pit closure report supplied by the Belgian government, which provided for closing 15 pits in 1959, 10 in 1960, 5 in 1961, and 4 thereafter, with a total loss of production capacity of 5.5 million tons. These closures were to be completed by 30 June 1961 (High Authority Decision No. 40/59).[23]

On 21 November 1959, the Belgian government submitted a memorandum to the High Authority describing the severe conditions in the coal industry, and requesting implementation of Article 37 (See Appendix B) of the Treaty. On 23 December 1959, after receiving the approval of the Council of Ministers, Article 37 of the Treaty was implemented (High Authority Decision No. 46/59). In taking this action, the High Authority immersed itself deeply into the Belgian coal problem and its reorganization.

It was also decided at this time, after reviewing present costs, that shutting down 5.5 million metric tons of capacity would not be sufficient to stabilize prices. The High Authority and the Belgian government

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23. Eighth General Report, op. cit., pp. 144-145.

agreed that a shutting down of 9.5 million metric tons of capacity was far more realistic. This new figure of capacity was therefore accepted as "non-integrable in the light of the current selling prices." The Belgian government began revising its closure timetable to provide for the new reduced capacity requirements. In general, it was to follow a reduction plan of 2.3 million tons in 1959, 2.5 million tons in 1960, 2 million tons in 1961, and 2.7 million tons in 1962 and 1963.[24]

Although closures were carried out on schedule, the Belgian coal market still showed an imbalance between production and sales; the picture did not improve until the end of 1960. In laying out its closure plan, the Belgian government, because of economic and social pressures did not see fit to designate by name the pits which would be closed over the period of the next four years. By the end of 1960, however, closures effected amounted to 5.0 million tons of capacity, 0.2 million tons over the planned figure.[25]

On 26 September 1960, the Belgian government submitted another memorandum to the High Authority

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24. Ibid., pp. 153-154.
25. Ninth General Report, op. cit., p. 110.

concerning the implementation of Decision No. 46/59. The memorandum brought them up to date on the state of the coal industry. Continuation of Article 37 was requested. The High Authority concurred and passed the extension petition on to the Council of Ministers on 29 November 1960. On 20 December 1960, Decision No. 25/60 was taken by the High Authority which extended the application of Article 37.[26]

The Conseil National, on 19 October 1960, approved the following closures for 1961: two each in the Borinage and Centre districts, three in the Charleroi, and one in the Liege districts. This capacity to be closed down totaled 1.7 million tons, and was to be completed by the end of June 1961. The Belgian government assured the High Authority that it would specify by 1 June the remaining closures for 1961 to bring the total up to the required 2.0 million tons.[27]

On 10 November 1961, the Belgian government submitted another memorandum to the High Authority describing the condition of the coal industry and its effects on the Belgian economy. It once again requested extension of Article 37 of the Treaty. In order

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26. Ibid., pp. 111-112, 114.
27. Ibid., p. 113.

for the High Authority to further implement Article 37, the Belgian government was required to submit a schedule of pit closures for 1962, which it had not done as yet.

An act of the Belgian Parliament, on 16 November 1961 established a new board known as the Directoire de l'Industrie Charbonniere, whose duties in the reorganization program are as follows:

1. "Ordering any leasing, assignment, or amalgamation of concessions which may be deemed necessary to improve output and costs.

2. "Ordering of closure of pits whose poor production is an obstacle to balanced market, or whose prices are higher than the satisfactory price level."[28]

A time schedule was made up by the new Directoire and presented to the High Authority. With the Council's approval, High Authority Decision 13/61 of 13 December 1961 extended application of Article 37 in Belgium's favor for 1962.[29] Another itemized list of closures amounting to 2.5 million tons of capacity was due by 31 May 1962. A new list was submitted, but by the end of 1962 only 0.503 million tons capacity was closed

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28. ECSC, Tenth General Report on the Activities of the Community (Luxembourg: 1962), p. 150.
29. Ibid., p. 157.

down, leaving 2.0 million tons to be closed down in 1963.[30]

Although productivity was up and the application of Article 37 was withdrawn in 1963 - because of the over-all improvement in the Belgian coal industry - there are still many problems remaining.

II. PRODUCTION

Consumption. The transitional period began in a spirit of boom and optimism. Consequently low-output mines, which should have been laid to rest, kept operating. Until 1957, production fell short of demand; however, the gap was always filled by imports. In 1958, the situation did an about-face, and the Community found itself with excess stocks and a need to cut down on production. The coal crisis which followed will be discussed in the next section.

There are numerous reasons why coal is losing its hold on the energy market in the Community since 1958. The most important ones are as follows:

1. Energy consumption - particularly coal - is expanding at a slower rate than industrial production.

2. Water power is replacing coal more and more

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30. Eleventh General Report, op. cit., pp. 249-250.

in generating electricity.

3. Mild winters have reduced heating requirements.

4. Less coal is required to produce larger amounts of energy due to more efficient coal utilization methods.

5. Other fuels - especially oil - have been replacing coal in existing plants, and getting a big or market from new expansion.[31]

6. Rising coal prices, primarily due to rising wages, have given other energy sources a competitive advantage.[32]

In Belgium, hit hardest by the coal recession, the share of coal for energy production dropped from 89.3 percent in 1950 to 72.5 percent in 1958.[33] Table 5 shows the trends in energy consumption currently as compared to 1958.

A hard winter in 1962 was principally responsible for a slightly brighter picture in the Belgian coal position. As temperatures dropped, demands for coal and other energy sources increased. A small increase in coal consumption is also forecast for 1963. It is expected as well that coke stocks will decrease in Belgium in 1963.

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31. ISEC, ECSC 1962 (Revised edition: 1962), p.31.
32. "Oil Comes In, Coal Piles Up", Business Week (November 1959), p. 131.
33. Eighth General Report, op. cit., p. 74.

TABLE 5.

TRENDS IN ENERGY CONSUMPTION IN BELGIUM [34]
('000,000 metric tons H.C.E.)

Year	Hard Coal	Brown Coal	Petroleum Products	Primary Gas	Water Power	Total
1958	22.925	0.068	8.410	0.126	0.104	31.63
1961	23.56	0.06	10.35	0.07	-	34.02
1962(a)	24.10	0.07	12.01	0.07	-	36.24
1963(b)	22.97	0.07	13.34	0.07	-	36.45

(a) Estimated.
(b) Forecast.

Restricted imports, under Article 37 of the Treaty, also had a hand in creating a greater demand for coal in Belgium. The competitive position of Belgian coal price-wise improved in 1962, with production remaining close to the 1961 level.[35]

During 1963 and early 1964, the demand for coal in the Community was fairly strong due to the consistent expansion of industry at an annual rate of 5 percent. This has been coupled with a recovery in the iron and steel industry. The improvement in the iron and steel industry has increased the demand for coke as well.[36]

Within the Community by 1970, it is anticipated that tonnages of coal, which will be competitive with

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34. Eleventh General Report, op. cit., p. 101; Eighth General Report, op. cit., p. 77.
35. Eleventh General Report, op. cit., pp. 96-97, 123, 213.
36. "ECSC Forecasts Return to Stable Coal Output", European Community, No. 70 (April 1964), p. 6.

other fuels, will fall off considerably from the amount now produced. A steep rise in productivity is expected, coupled with cutbacks in production. Imports of oil will probably rise sharply. By 1970, barely one-third of the energy requirements in the Community will be met by coal, and by 1975 that figure will read 25 percent. By 1970, oil will move into a position of leadership with 50 percent of the energy market.[37]

It is also anticipated, according to a report of the Common Market Commission ("Investments in the Oil Industry in the Community") that the Community's oil consumption is expected to rise almost 48 percent between 1962 and 1966. The Belgium-Luxembourg oil consumption was 10 million metric tons in 1962. This figure is expected to increase to 13 million by 1966.[38]

Coal Recession. Long before the coal surplus reached its peak level in 1958, coal producers in Belgium could see the handwriting on the wall, and called for governmental protection. The Belgian

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37. Eleventh General Report, op. cit., pp. 169-178; European Community, No. 62 (April-May, 1963), p.13.

38. "Commission Predicts Doubling of Oil Consumption in Five Years," European Community, No. 67 (November - December, 1963), p. 7.

government was at first not too disturbed. The government took a wait-and-see attitude as any change in the coal situation would stir up a hornet's nest involving readjustments of coal prices and subsidies, and further inquiry by the High Authority in the high-cost mines in the south.

Many of the problems that developed in the Belgian coal industry during this period were characteristic of the Community coal industry as a whole.

The end of 1957 marked a turning point in the Common Market for coal. Shortages gave way to surplus, and a real and urgent danger of large-scale unemployment arose. Coal producers found it extremely difficult to sell all of their current outputs, because of large imports from third countries (especially the United States), the mild winter, and the replacement of coal by other energy sources. From 1 January 1958 to the end of April 1959, Belgian coal stocks rose from 1.7 to 7.9 million tons, about 29 percent of the 1958 output. These stocks were valued at Bfr 4,500 million, and caused much financial distress to the collieries, which in turn hindered modernization.

A large percentage of the surplus was low-grade coal.[39]

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39. Meade, op. cit., pp. 248-249; Eighth General Report, op. cit., p. 153.

Between 1957-1959, the contraction of demand for coal by Belgian consumers amounted to 12.7 percent. In 1957, exports were almost as large as imports. In 1958, exports fell rapidly and imports only moderately. The decline in exports was attributable mainly to inter-Community trade. The trade deterioration amounted to 2.4 million tons, about 8.3 percent of the 1957 output.[40]

The initial response was to cut back production and hope that stocks would decrease. From 1957 to 1958, production in Belgium was reduced 7 percent, and in 1958-1959, with no signs of sales reviving, 16 percent.

By 1959 stocks were only slightly higher than in 1958. The reduction in production was accomplished by short-time working and complete closure of some pits.[41]

In an attempt to stem the tide of recession, the Belgian government:

1. Imposed restrictions on imports from third countries.

2. Imposed additional taxes on fuel oil imports.

3. Slowed down change in consumption to oil products by encouraging agreements between coal pro-

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40. Meade, op.cit., p. 305.

41. Ibid., pp. 305-306.

ducers and oil importers.

4. Continued paying subsidies to the weakest collieries at the rate of Bfr 116 per ton, 10 percent or more of the selling price.[42]

Given the choice of two evils, the High Authority preferred stockpiling to unemployment. It proposed setting up a "stockpiling fund" made up of a producers levy of five cents per ton of coal produced. The $12 million, thus collected, would be returned to the producers to help ease the burden of stockpiling. Germany and Luxembourg vetoed the idea. The Council, however, authorized the High Authority to help finance stockpiling out of its normal levy. The High Authority put up $7 million for the program. Governments requesting aid had to match the aid given by the High Authority. Aid was extended to mining firms under two systems:

1. Those receiving a guarantee from the government, for the 12 month period beginning on 31 October 1958, received a loan of $2 for every ton of coal put into stock in excess of 35 days production. The loan was repayable in five years with no interest.

2. Those receiving no guarantee from the gov-

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42. Ibid., p. 306.

ernment received non-repayable aid from the High Authority of $1 per ton put into stock.

All the applications had to be submitted by the firms through their respective governments in either case.[43]

The High Authority later proposed to raise the fund to $10 million, and to broaden the eligibility - to 41 days for Belgium - but the French government turned thumbs down on this, because it wanted to broaden eligibility for its own mines.[44]

During 1959, the crisis in the Belgian coal fields became worse. In February 1959 the Belgian government proposed closing some pits in the bleak Borinage district. This touched off strikes and disorders.

The High Authority in concert with the Belgian government took further action to prevent additional decreases in production and increases in unemployment. They sought also to bring about an orderly long-term contraction through the closure of the least economical pits without causing further economic and social problems. In the summer of 1959, a subsidy similar to that paid in the last year of the transitional

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43. Lister, op. cit., pp. 333-334.
44. Ibid., p. 334.

period was introduced. Its purpose was to enable firms to cover their losses from price cuts in order to make Belgian coal competitive with Ruhr coal. Total tonnages qualifying for support were limited to 8 million tons - about 57 percent of the 1959 level of output in the south. The Belgian government was permitted to pay Bfr 926 million in subsidies.[45] Although the total amount paid out was equal to the amount authorized, it was only paid on 5.5 million tons.[46]

A "manifest crisis" in the coal market was declared by the High Authority in March 1959. To meet the challenge, it proposed in accordance with Articles 58 and 74 of the Treaty the following vigorous action:

1. To introduce production quotas to limit the 1959 output to estimated levels.

2. To prevent the sale of existing stocks.

3. To reduce Community imports from third countries by one-half that imported the previous year.

It also proposed under Article 95 to assist in stabilizing the income of workers. On 14 May, the Council disapproved the proposals. Benelux went on record for them, the rest against.[47]

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45. Meade, op. cit., p. 366.
46. Ninth General Report, op. cit., p. 116.
47. Meade, op. cit., pp. 249-250.

After the Council's disapproval, the High Authority took action to compensate miners for their loss of earnings, and authorized the Belgian government to pay additional subsidies. It was evident that in the future the Community would have to coordinate its policies towards purchases from third countries and towards fuels which compete with coal.[48]

By autumn of 1959, measures taken in Belgium had proven insufficient. On 29 September 1959, at a meeting between the High Authority and the Belgian Prime Minister and Minister of Economic Affairs, it was agreed that the Belgian government would not act in the future without consulting the High Authority. The High Authority was aware by now that the action taken so far independently by the Community was not the solution. On 3 November, the Belgian government informed the High Authority of the necessity to invoke Article 37 - the escape clause of the Treaty - because of the steadily worsening coal situation.

The High Authority took the request under consideration and made its decision (No. 46/59) on 23 December 1959. In addition to reorganization, the

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48. Ibid., pp. 253-254.

decision called for:

1. Keeping imports from third countries below 600,000 metric tons in 1960 (this tonnage does not include tonnages used in processing). This constituted a reduction of approximately 400,000 metric tons (42 percent of the 1959 purchase.)

2. In 1960, imports from Community countries to Belgium were not to exceed 2.95 million metric tons (86 percent of 1959 imports.)

3. Belgian exports to the Community were limited to 1.945 million tons (98 percent of 1959 exports.)

During these negotiations, the High Authority and Belgian government kept in close contact with American and British authorities to explain the necessity of these measures. In 1960, the Belgian market was finally isolated from the Common Market for coal. This served to limit competition from the Community and third countries.[49]

During 1959, the internal demand for coal in Belgium continued falling. It finally leveled off in the last quarter. Hard coal production in the Community also fell off in 1959 due to the closing of

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49. Ibid., p. 307. Eighth General Report, op. cit.,pp. 53-54, 138-139.

pits, short-time working, and the exodus of mine workers from the pits. The year 1959 also saw the beginning of a reduction in the existing imbalance.

From 10 February to 30 June 1959, 17 pits were closed in the south, as compared with 23 closed during the entire transitional period. These pits produced 1.8 million tons in 1957.

With the invoking of Article 37 of the Treaty, the Belgian coal industry entered a new phase. New subsidies and rehabilitation program drawn up by the Belgian authorities were introduced. It provided for the closing down of 34 southern pits (capacity 5.5 million tons) by the end of 1961. Readaption for workers and price policies were also introduced.

After subsidies brought Belgian coal prices in line with Ruhr prices, on 15 June 1959 a new price schedule with lower prices was issued. The subsidies were to be eliminated by 1964.

Even though closures took place, the Belgian coal market continued to show an imbalance until the end of 1960. On 26 September 1960, the Belgian government requested that the High Authority's Decision No. 46/59 be continued during 1961. The High Authority agreed (Decision No. 25/60). In this new decision, the High

Authority did not set production quotas as it did previously, but reserved the right to do so for subsidized collieries.

The new decision increased trade within the Community 3.5 percent over the tonnage set in Decision No. 46/59 for deliveries in Belgium. These quotas could be changed on a ton-for-ton basis after consultation. Import quotas were also increased to 620,000 metric tons in 1961.[50]

During the period 1961 to 1963, stocks decreased, and the coal situation in Belgium normalized somewhat, but on a very fine balance. By October 1962, the High Authority decided that Article 37 had served its purpose and that it was time for Belgium to be re-integrated into the Common Market.[51]

Productivity. When the Common Market for coal began, pessimists believed that it would bring the Belgian coal mining industry to its knees. Although, the industry has had a rough go of it, production has remained above pre-war levels. During the transitional period until 1957, coal production decreased more

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50. Ninth General Report, op. cit., pp. 111-112, 114.

51. ISEC, Community Topics No. 8: 1952-1962 Ten Years of ECSC (Yeovil, England: Edwin Snell and Sons, Ltd, 1963), p. 6.

than 4 percent. During the reorganization program that followed until the end of 1962, production decreased 27 percent.

Table 6 compares Belgian hard coal production since the Second World War against 1938 levels. Table 7 illustrates the trend in output per man-shift (O.M.S.) In 1952, the output per man-shift in the south was 74 percent of that in the Campine. The O.M.S. in the Campine did not meet the Community average, although it was favorable with some of the larger basins in the Community.

The Liege had the worst record; however, it produced a relatively large amount of high quality coal.

In Belgium, shifts last eight hours including winding time. Double shifts are sometimes used when good results can be achieved.[52]

It was possible to increase the productivity of many pits by modernization. Many of these changes were made such as : enlarging shafts, installing new pithead gear, electrification of winches, and other mechanization accelerating underground haulage.[53] In 1938, the output per man shift was 1.09 tons. By

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52. OEEC, Second Report, op. cit., pp. 38-68.
53. Sixth General Report, op. cit., p. 37.

TABLE 6.

BELGIAN HARD COAL PRODUCTION [54]
('000 metric tons)

Year	Campine	Southern Belgium	Total
1938	6,536	13,049	19,585
1947	-	-	24,274
1948	-	-	26,624
1949	-	-	27,784
1950	-	-	27,234
1951	-	-	29,622
1952	9,712	20,672	30,384
1953	9,483	20,577	30,060
1954	9,258	19,991	29,249
1955	10,144	19,833	29,978
1956	10,460	19,085	29,555
1957	10,331	18,755	29,086
1958	9,973	17,089	27,062
1959	8,771	13,986	22,757
1960	9,385	13,080	22,465
1961	9,611	11,928	21,539
1962(a)	9,803	11,413	21,218

(a) Provisional figure.

1962, O.M.S. had risen to 1.97 tons.[55]

During the transitional period up until 1957, there was a large demand for coal. Consequently, production - with increased O.M.S. - stayed at a fairly

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54. Tenth General Report, op. cit., p. 519; Eleventh General Report, op. cit., p. 584.

55. J. Frederic Dewhurst and others, Europe's Needs and Resources (New York: Twentieth Century Fund, 1953), p. 575.

TABLE 7.

UNDERGROUND OUTPUT PER MAN-SHIFT IN HARD COAL MINES (O.M.S.) [56]
(kilogrammes)

Year	Campine	Southern Belgium	Average	Workers[d]
1938	1,523[b]	1,004[b]	1,085	-
1952	1,300	965	1,051	-
1953	1,428[c]	1,075[c]	1,164[c]	-
1954	1,352	1,011	1,099	-
1955	1,484	1,028	1,148	140.5
1956	1,492	1,034	1,160	133.3
1957	1,583	1,125	1,253	135.9
1958	1,387	1,049	1,152	131.9
1959	1,652	1,262	1,388	115.5
1960	1,792	1,452	1,577	97.1
1961	1,941	1,566	1,714	85.1
1962[a]	2,032	1,656	1,818	78.7

(a) Provisional figures.
(b) Including shifts of supervising personnel.
(c) Estimated figures.
(d) '000 workers.

even level even though 23 pits were closed. After 1957, total production decreased, because of additional mine closures.

Reduced production was accomplished during the recession period by short-time working and mine closures. Table 8 illustrates the effects of short-time working

56. Seventh General Report, op. cit., p. 221; Eighth General Report, op. cit., p. 280; Ninth General Report, op. cit., p. 365; Tenth General Report, op. cit., pp. 521, 581; Eleventh General Report, op. cit., pp. 585, 656.

in Belgium. This reduction was necessary because of large quantities of stocks that were building up at the Belgian pitheads.

TABLE 8.

SHORT-TIME WORKING IN BELGIAN COAL FIELDS OWING TO LACK OF SALES[57]

	1958			1959			1960			1961		
	Campine	South		Campine	South		Campine	South		Campine	South	
Average number of days not worked at pits.	14.58	22.46	20.18	59.26	50.04	52.88	35.78	27.97	30.84	17.69	1.99	7.84
Production forfeited ('000 m.t.)	556	1577	2,133	2269	3432	5,701	1343	1747	3,090	675	96	770

As the Belgian reorganization program gained momentum after 1959, hard coal stocks (see Table 9) were decreased. Short-time working was reduced considerably, and by the end of 1962, it had been eliminated.

In the first decade of the Community, Belgium was the third highest producer of hard coal of the five Community producers. In regard to O.M.S., Belgium rated fourth among the five, with Italy last. From 1959 on, Belgium had the third highest stocks of coal with France and Germany in the lead.

57. Tenth General Report, op. cit., p. 520.

TABLE 9.

PITHEAD STOCKS OF HARD COAL IN BELGIUM [58]

('000 metric tons at end of year)

Year	Campine	Southern Belgium	Total
1952	667	1006	1673
1953	1169	1908	3077
1954	898	1917	2815
1955	69	302	371
1956	23	156	179
1957	500	913	1413
1958	2506	4423	6928
1959	2341	5156	7416
1960	2255	4310	6565
1961	1582	2812	4394
1962(a)	473	887	1360

(a) Provisional figure.

In 1963, Belgium showed a slight increase in output with 21.3 million metric tons being produced. There was, however, no increase in O.M.S. over the 1962 figure.[59]

The productivity of the mines in the Campine is the highest in Belgium, averaging 1.5 million tons per mine. The southern mines are the smallest and oldest in the Community. Many of these are being slowly phased out. At the end of 1962, there were 61 mines in operation in the south, with an average output of 187,000 tons each. They produced about 54 percent of the total Belgian coal production.

Table 10 shows the progress of the reorganiza-

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58. Ibid., p. 522; Eleventh General Report, op. cit., p. 586.

59. "U.S., U.K. Coal Exports to the Community Climb in 1963", European Community, No. 69, (March, 1964) p. 10.

tion plan, and the production capacity lost thereby.

TABLE 10.

PROGRESS OF REORGANIZATION PROGRAM IN BELGIAN COAL MINING [60]

Year	Closures Effected	Production Thereof In 1954 ('000,000 m.t.)
1958	13	1.3
1959	19	2.522
1960	15	2.509
1961	11	1.967
1962	3	0.508
	61	8.806

The closures were highest in the Borinage and Centre districts. Loss of production in 1959 amounted to 5.7 million metric tons as a result of short-time working and pit closures.

Coke production had approximately the same difficulties as hard coal during the recession and thereafter. Table 11 illustrates the production trends, and the stockpiling of coke. It is expected that coke stocks in Belgium will decrease considerably in 1963.[61]

The forecast for Belgian hard coal production in 1975 is approximately 31.5 million metric tons. Output per man shift for the underground worker is expected

60. Ninth General Report, op. cit., p. 108; Tenth General Report, op. cit., p. 148; Eleventh General Report, op. cit., p. 241.

61. Ibid., p. 123.

to increase considerably. In 1965 O.M.S. is expected to increase to 2350 kg.* in the Campine, and to 1760 kg. in the south. By 1975, O.M.S. is expected to reach 3200 kg. in the Campine and 2390 in the south.[62]

Productivity is continually rising in the Belgian collieries, and apparently will continue to do so in the future.

TABLE 11.

PRODUCTION OF COKE-OVEN COKE AND STOCKS AT THE COKING-PLANTS[63]

('000 metric tons)

Year	Production	Stocks
1938	5107	-
1952	6407	101
1953	5945	200
1954	6147	127
1955	6600	71
1956	7270	87
1957	7156	237
1958	6906	276
1959	7217	291
1960	7536	270
1961	7252	266
1962(a)	7195	218

(a) Provisional figures.

* 1000 kilograms = 1 metric ton.

62. Eleventh General Report, op. cit., pp. 134-144; Lister, op. cit., p. 101.

63. Eleventh General Report, op. cit., p. 588.

III. TRADE

Inter-Community Trade. The Eurocrats, from the date of inception of ECSC, have had their sights set on one day making the Community self-sufficient in coal. The hope was that stepped-up coal production together with a flourishing trade within the Community would make possible a reduction in imports from third countries while still permitting exports to traditional markets.

Belgium's coal exports within the Community have been considerable. Of the four coal exporters in ECSC, Belgium ranks third after Germany and Holland. Belgian hard coal exports (see Table 12) more than doubled from 1952 through 1955, then dropped sharply thereafter. A leveling off point was reached in 1960.

The story of Belgian coke exports to the Community has been one of fluctuation (see Table 13) with an overall upward trend. The provisional figure for 1962, however, showed a substantial decline. With coke production up, and further decreases in stocks of coke anticipated, the future looks bright for export of Belgian coke to the Community. At the same time, a reduction of coke imports from the Community may be

TABLE 12.

BELGIAN TRADE OF HARD COAL AND HARD COAL BRIQUETTES WITHIN COMMUNITY[64]

('000 metric tons)

EXPORTS

Year	Germany	Italy	France/Saar[(b)]	Luxembourg	Netherlands	Total
1952	19	681	1228	65	574	2576
1953	107	837	1880	28	1070	3869
1954	226	576	1567	38	2166	4603
1955	754	185	1502	49	2965	5455
1956	424	98	1440	49	1915	3955
1957	280	223	2002	44	1480	3819
1958	52	-	1279	13	868	2212
1959	113	61	933	24	844	1975
1960	196	295	772	33	781	2076
1961	187	480	705	34	924	2329
1962[(a)]	276	382	805	27	745	2235

IMPORTS

Year	Germany[(c)]	France/Saar[(b)]	Netherlands	Total
1952	317	169	4	490
1953	691	147	175	1013
1954	1930	331	521	2782
1955	1197	602	356	2155
1956	1160	406	330	1895
1957	1258	293	405	1956
1958	1826	192	763	2781
1959	2258	244	964	3466
1960	2019	232	834	3085
1961	2206	251	951	3408
1962[(a)]	2406	279	891	3576

(a) Provisional figures.
(b) For 1960 onward only for France.
(c) From 1960 onward includes Saar.

64. Eighth General Report, op. cit., pp. 394-395; Ninth General Report, op. cit., pp. 372-373; Eleventh General Report, op. cit., pp. 592-593.

TABLE 13.

BELGIAN COKE TRADE WITHIN THE COMMUNITY [65]

('000 metric tons)

EXPORTS

Year	Germany(c)	Italy	France/Saar(b)	Luxembourg	Netherlands	Total
1952	201	-	197	140	5	543
1953	21	220	-	102	22	365
1954	1	-	451	102	8	562
1955	23	-	356	92	27	498
1956	115	-	386	91	33	625
1957	7	1	467	173	36	686
1958	5	1	331	59	14	410
1959	17	16	307	210	-	550
1960	33	90	371	238	-	731
1961	27	32	397	239	-	695
1962(a)	20	30	245	230	0	525

IMPORTS

	Germany(c)	France/Saar(b)	Netherlands	Total
1952	-	-	2	2
1953	8	-	17	25
1954	48	4	24	76
1955	60	7	73	140
1956	59	0	47	106
1957	57	3	60	120
1958	73	1	76	150
1959	58	7	108	173
1960	69	13	163	245
1961	44	9	205	258
1962(a)	35	1	220	256

(a) Provisional figures.
(b) From 1960 forward figure for France does not include Saar.
(c) After 1960 figure includes Saar.

65. Ninth General Report, op. cit., pp. 374-375; Eleventh General Report, op. cit., pp. 594-595.

in sight. Coke imports from the Community (see Table 13) have increased ten-fold since 1953. Although the rise in coke imports is a dramatic one, exports to the Community are now twice as great as imports.

A substantial amount of the Belgian's coal imports are used in the production of coke. The domestic supply of coking coal is insufficient, and not up to the quality of Ruhr coal, which is used for blending with Belgian coking-coal to improve its quality. About 20 percent of the coal used at the coking plants is imported. This amounts to about 60 percent of Belgium's coal imports.[66]

Hard coal imports from the Community have more than tripled since the birth of the Common Market. This has been a consequence of decreased production due to pit closures, and the substantial decrease of imports from third countries (see Table 12). After 1957, imports from the Community outweighed exports.

Both exports and imports of coal increased rapidly during the first three years of the transitional period, and then took a sharp drop in 1956 and 1957. The high percentage of imports to the Community from third countries which reached its peak in 1957

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66. Lister, op. cit., pp. 27, 42.

(with 44 million tons) was the primary cause of this sharp drop in Belgian coal trade.[67]

During the transitional period, subsidies (60 percent of exports were subsidized in 1953 - 1954) played an important role in developing Belgium's coal trade with the rest of the Community, especially when the demand for coal was slack. The French and Dutch complained that the export subsidies led to sales of Belgian coal below the established prices. Although the High Authority did make an adjustment in prices, its opinion was that the charges were unfounded.[68]

After the subsidies were dropped at the end of 1955, Belgian exports to Italy and France fell. Belgium maintained, however, a fairly strong export trade until 1957, when the coal crisis was triggered by the continued increase of U.S. coal imports among other factors. In 1955, Belgium exports of coke and coal to the Community in terms of a production percentage was 19 percent; by 1962, it had toppled to 9 percent. Much of the pattern of inter-Community coal trade hinged on German imports and exports. In 1956 and 1957, when German (and Dutch) exports increas-

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67. Diebold, op. cit., p. 205.
68. Ibid.

ed, Belgian exports decreased.[69]

Because of escalating disturbances in Belgian coal, on 23 December 1959, the High Authority took Belgium out of the Common Market for coal. The decision restricted third country imports, and third country imports through Community countries into Belgium. It prevented the rapid rundown of existing stocks, and requested that existing pithead stocks not be thrown on the market. It prevented purchases from, and excessive sales to, the Community, which might cause a shift of the Belgian coal problems to the other Community members.[70]

Implementation of High Authority Decision No. 46/59 called for quotas concerning the deliveries of coal among the Community countries. Import licenses were to be issued by the Belgian government under the control of the High Authority. Imports were limited to 1.945 million metric tons and exports to 2.95 million metric tons.[71]

Now that Belgium coal was out of the Common Market, the Belgian government took steps to put its own house in order via four Royal decrees:

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69. Diebold, op. cit., p. 582.
70. Eighth General Report, op. cit., p. 153.
71. Ibid., p. 156.

1. The first decree on 30 December 1959 set down the scope of the plan to implement Decision No. 46/59, and the details of the procedures to be followed.

2. The second decree made it obligatory for importers to comply with the scheme laid down by the government under the terms of the High Authority.

3. The third defined the terms of deliveries of coal to and from Belgium.

4. The fourth dealt with the regulating of de-stocking (only a portion of about 20 percent of the existing coal stocks was to be put on the market).[72]

In 1960, the High Authority took the first step towards the eventual reintegration of Belgian coal in the Common Market. In its Decision No. 24/60, it increased the Belgian import quotas from the Community to 3.05 million tons. Then again on 20 December 1960 in its Decision No. 25/60, the High Authority authorized for 1961 an increase of trade of 3.3 percent in the Community over the 1959 decision. The quota was increased to 3.152 million tons and could be changed on a ton-for-ton basis after consultation.[73]

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72. Ibid.
73. Ninth General Report, op. cit., p. 114.

In its Decision No. 13/61 of 13 December 1961, the High Authority raised the import quota to 4 percent above the 1961 levels for trade in 1962 (3.276 million tons), while the deliveries from Belgium to the Community remained unchanged. Quotas could be changed as before with the approval of the Belgian government and the High Authority.[74]

High Authority Decision No. 4/62 authorized 20,000 tons of German anthracite in excess of the quota to be delivered to Belgium.[75]

Because the Belgian coal mining industry had done quite well in 1961 and early 1962, the High Authority on 25 July 1962 (Decision No. 8/62) authorized from 1 August on the removal of anthracite and low-volatile coal and briquettes from the restricted list. They also authorized the increase in other hard-coal imports from the Community entering Belgium by 10 percent to a total of 2.3 million metric tons for 1962. Belgian export quotas to the Community were also increased 10 percent for 1962 (a total of 2.622 million metric tons.)[76]

On 1 January 1963, the High Authority discontinu-

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74. Tenth Annual Report, op. cit., p. 207.
75. Eleventh Annual Report, op. cit., pp. 250-251.
76. Ibid., p. 252.

ed limitations of trade between Belgium and the Community.[77] Belgium once again resumed full responsibility for her imports.

Trade with Third Countries. Coal production in the Community could not supply the great demand for coal during the transitional period. Third country imports were therefore necessary. During this period, the question was often asked: "Who would import the foreign coal, and who would be supplied from cheaper Community sources?"[78] The answer was not forthcoming from the High Authority until the coal crisis set in.

Imports into Belgium from third countries rose considerably (see Table 14) after 1953. They reached their peak in 1956 with 13,682,000 metric tons. The largest third country exporter of coal to Belgium is the United States. In 1956, American coal accounted for 84 percent of the total third country imports, and in 1962, for 71 percent. Most of this coal is used for making coke. Coal imports from third countries - particularly the United States, Great Britain and Poland - were cut drastically during the coal crisis.

The Belgians have been very protective about their coal. Their protective measures have not been effective,

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77. Ibid., p. 77.
78. Diebold, op. cit., p. 283.

TABLE 14.

BELGIAN HARD COAL TRADE WITH THIRD COUNTRIES [79]

('000 metric tons)

IMPORTS

Year	U.S.A.	U.K.	Poland	U.S.S.R.	Others	Total
1952	7377	482	9	-	11	7897
1953	644	420	-	46	2	1133
1954	1823	1633	262	-	163	3881
1955	6998	1339	714	69	151	9271
1956	11,486	1099	861	96	140	13,682
1957	2138	564	33	50	35	2820
1958	1879	389	11	70	1	2352
1959	1051	348	8	34	1	1437
1960	800	132	-	2	-	937
1961	668	134	-	20	8	830
1962	894	278	-	50	41	1258

EXPORTS

Year	U.K.	Scandi-navia	Switzer-land	Austria	Others	Total
1952	-	139	50	-	43	232
1953	192	64	50	2	274	587
1954	911	132	230	1	123	1397
1955	1537	116	348	0	55	2056
1956	747	107	300	0	11	1165
1957	616	77	161	-	1	855
1958	644	17	77	-	1	738
1959	93	5	238	1	10	347
1960	-	43	267	11	37	358
1961	-	159	280	9	234	682
1962	-	280	320	4	205	809

79. Sixth General Report, Vol. II, op. cit., pp. 318-319; Eighth General Report, op. cit., pp. 388, 390; Ninth General Report, op. cit., p. 368; Tenth General Report, op. cit., pp. 524-525; Eleventh General Report, op. cit., pp. 589-590.

however. During the economic boom from 1955 to 1957, private merchants imported American coal - which is cheaper - duty free. When the recession hit, license controls were placed on American imports, but these controls proved ineffective, because a large quantity of coal had been purchased on long-term contracts. During the first half of 1958, one million tons of American coal were imported.[80]

Import licenses were not the answer. The problem was not only one of limiting imports, but also one of expanding exports. The Belgian government proposed that Article 58 of the Treaty be invoked. It would have authorized the imposing of import and production quotas throughout the Community. This proposal had been made a number of times by the Belgian government and by the High Authority, but it was rejected on each occasion by the Council of Ministers.[81]

The Belgian government, therefore, took its own measures and imposed import controls on the Community members to prevent imports of third country coal from passing through the Community countries into Belgium.

Belgium maintained a fairly strong export coal trade to third countries until 1958 (see Table 14). Since 1955, Belgium's peak year, exports began to fall

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80. Lister, op. cit., p. 328.
81. Ibid., p. 329.

TABLE 15

COKE EXPORTS TO THIRD COUNTRIES [82]

('000 metric tons)

Year	Scandinavia	Switzerland	Austria	Others	Total
1952	200	43	0	172	415
1953	337	17	9	93	456
1954	165	17	7	137	326
1955	206	8	1	63	278
1956	283	12	0	5	300
1957	197	11	-	9	217
1958	464	3	3	18	488
1959	266	6	1	23	296
1960	185	12	2	59	257
1961	148	6	2	22	179
1962	100	15	2	15	132

slowly at first, and then sharply in 1959. Since then, the export market has shown signs of improvement, returning to the level it was at in 1957. The loss of the British market after 1958 was the primary cause of reduced exports. However, since 1959 improvements in other and new markets have once again increased Belgium's hard coal export trade.

Coal exports on the other hand (see Table 15) have shown a generally decreasing trend. Of the five coke exporters in the Community, Belgium ranked fourth in 1961 and 1962.

In 1955, exports of coal and coke to third coun-

82. Eighth General Report, op. cit., p. 392; Ninth General Report, op. cit., p. 370; Tenth General Report op. cit., p. 526; Eleventh General Report, op. cit., p.59.

tries as a percentage of production was 9 percent. By 1962, it had dropped to 3 percent.

When Article 37 of the Treaty was invoked in December 1959 in favor of Belgium (Decision No. 46/59), restrictions were placed on imports from third countries. Belgium was authorized to import 800,000 metric tons of coal - exclusive of coking-coal imported for processing - from third countries during 1960.[83] Imports - exclusive of coking-coal for processing - did not reach the limit set. Licenses were issued for only 525,000 metric tons. In addition, 380,000 metric tons were imported for processing and re-exporting.[84]

The limit on imports from third countries was increased to 620,000 metric tons for 1961.[85] On 13 December 1961, the import quota from third countries was increased to 640,000 metric tons.[86]

As the Belgian coal industry was showing signs of improvement in 1961, the High Authority on 1 August 1962 authorized the imports from third countries to

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83. Eighth General Report, op. cit., p. 153-155.
84. Ninth General Report, op. cit., p. 111.
85. Ibid., p. 114.
86. Tenth General Report, op. cit., pp. 59, 208.

be raised to 688,000 metric tons for 1962.[87] Imports of hard coal and hard-coal briquettes from third countries could not exceed 527,000 metric tons, exclusive of the types and grades taken off the restricted list, for intra-Community trade. Imports actually delivered amounted to 94.3 percent of this figure. The total Belgian imports of the de-restricted grades above the quota set in December 1961 totaled 610,000 metric tons of which two-thirds was procured from third countries, because of a shortage within the Community. These imports were for household use.

On 1 January 1963, with the emergency over, limitations on imports from third countries were discontinued by the High Authority.

The most recent reports from the Community's statistical office show that imports of coal into the Community in 1963 increased by 10 million metric tons over the 1962 figure. Of this, 6 million was estimated to come from the United States, and about 2.2 million from Great Britain. Increased imports were necessary to compensate for falling coal production in the Community.[88]

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87. Eleventh General Report, op. cit., pp. 77, 153-155.

88. U.S., U.K. Coal Exports, op. cit., p. 10.

IV. SUBSIDIES

Subsidies played a dual role in the reorganization program for the sagging Belgian coal industry. They absorbed the difference between high Belgian coal prices and lower Community prices thus sparing the Belgian collieries from distress. They helped in the modernization process.

The Treaty expressly forbids the use of subsidies in "any form whatsoever."[89] However, because the immediate removal of trade barriers would have dealt a severe blow to the Belgian coal industry, it was decided that during the transitional period a more gradual removal of subsidies was necessary. These subsidies, controlled by the High Authority, were intended to bring about this smooth transition. This was one of the basic compromises that made it possible for Belgium to accept the Treaty.[90]

Section 26 of the Convention for the Transitional Period spells out the terms of the special position of the Belgian mines during the transitional period.

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89. ECSC Treaty, op. cit, p. 12.
90. Diebold, op. cit., p. 195.

In order to integrate the Belgian collieries into the Common Market for coal, it provides for limits of production capacity that could be retired each year. It gave Belgian coal protection from other areas in the Community, particularly the Ruhr. This special position was to come to an end in February 1958. The provision for the cutting down of production capacity was not carried out in earnest until 1957, because of the scarcity of coal.[91]

Section 25 of the Convention sets forth the compensation levies for the financing of the integration measures.

The Convention offered the Belgian government two choices for the transitional period: (The Belgian government accepted the first plan.)[92]

1. "The payment of compensation, financed and administered in accordance with the details laid down in Section 25 (Section 26, 2), or

2. "The temporary separation of the Belgian market from the Common Market (Section 26, 3)."

Compensation payments under Section 26 were designed to:

1. Make it possible to bring the Belgian coal

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91. Lister, op. cit., p. 117.
92. Sixth General Report Vol. II, op. cit., pp. 28-29.

prices as close as possible into line with the Common Market (Section 26,2,a).

2. Reduce prices of Belgian coal which was consumed by the Belgian coal and steel industry (Section 26,2,b). (Never put into operation.)

3. Offset somewhat the losses resulting from the sale of coal within the Community (Section 26, 2,c).[93]

Before the Common Market for coal was established on 10 February 1953, the Belgian government had paid contractual subsidies to the collieries which amounted to Bfr 200 million annually. These subsidies were used mainly to assist the Borinage district.[94]

In order to continue subsidy payments, with High Authority assistance under the Convention, perequation measures were taken. The purpose of the perequation levy was:

> As regards the Belgian mining industry the perequation levy is intended to reconcile the prices of the Belgian coal with those of the Common Market, so that at the end of the transition period, these prices will approximate to the estimated cost of production.[95]

In setting up the perequation levy, it had to be determined which mines would pay the levy; how much of the tonnage would be levied; and how much the levy

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93. Ibid., p. 29.
94. ECSC, First General Report on the Activities of the Community (Luxembourg: 1953), p. 83; Meade, op. cit. p. 293.
95. First General Report, op. cit., p. 83.

would be per ton. It was decided that the levy was to be made on the producers' average receipts, i.e. the selling price, less taxes. Only Germany and the Netherlands had production costs below the Community average. It was therefore agreed that these two countries would pay the perequation levy.[96]

In determining the amount of subsidies to be paid to the Belgian coal industry, the High Authority set the maximum prices for Belgian coal below its previous price levels, and then calculated the difference to be provided as subsidies. This average difference came to Bfr 29 per metric ton. This subsidy would increase the income of the producers. Under the terms of the subsidy the government would be allowed to decide on the methods and types of investment for modernization.[97]

The rate of the levy was set at 1.1 percent for 1953. The upper limit authorized in the Convention was 1.5 percent , and was to be lowered by 20 percent each year thereafter. The levy was accordingly reduced each year, and by the end of 1957 was removed on schedule. The Dutch paid until April 1957 and the Germans continued until the end of that year.[98]

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96. Ibid., pp. 52-53.
97. Diebold, op. cit., p. 206.
98. Sixth General Report, Vol. II, op. cit., pp. 27-28.

On 7 February 1953, the High Authority notified the German and Dutch governments that the perequation levy would start on 10 February when the Common Market for coal commenced.[99]

Two forms of support in the form of subsidies were thereafter approved:

1. "The general subsidies which allowed the Belgian producers to lower their prices."

2. The continuation of "contractual subsidies paid to certain mines to cover their working losses and to enable them to carry out modernization programs."[100]

With the coal recession that followed in 1953 and 1954, the Belgian high-cost coal was the first to be discriminated against on the coal market. This crisis threatened to result in large stocks piling up at the pits. Therefore, it was necessary to allocate additional subsidies on Belgian coal exports. The Convention authorized this. The High Authority paid 80 percent of the difference in delivery price of the Belgian coal exported and the local price level. The Belgian government paid the balance. Consequently, the amount paid in subsidies per ton varied with the particular transaction. A sizeable quantity of the total

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99. First General Report, op. cit., p. 83.
100. Meade, op. cit., p. 293.

exports remained unsubsidized.[101]

This subsidy was introduced in June 1953. The total tonnage subsidized under this paln in 1953 was 1,042 thousand tons with an average payment of Bfr 91 per ton.[102] This subsidy was discontinued in 1955.

Under the subsidy program providing for the payment of Bfr 29 per ton of coal mined, it was deemed that a total of Bfr 1,100 million would be required. It was also expected that an additional reserve of Bfr 250 million would be needed to compensate for any adjustment in the selling prices. The total of this assistance was to be paid as follows:

1. by the Belgian government, Bfr 475 million plus the Bfr 200 million which it had been paying.

2. by the Germans and Dutch, Bfr 675 million. These payments commenced on 15 March 1953.[103]

The concession actually paid averaged only Bfr 18 per metric ton for the Belgian consumer if the removal of double pricing is taken into account.[104]

By the end of 1953, the total subsidies paid to the Belgian coal industry amounted to Bfr 905.8 million. The High Authority paid for half of this total.

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101. Ibid., p. 294.
102. Ibid.
103. First General Report, op. cit., p. 83.
104. Sixth General Report, Vol. II, op. cit., p. 30.

Before taking into account subsidy payments in 1953, the Belgian coal industry had a loss of Bfr 430 million. The southern Belgium mines were in the red Bfr 1,000 million. This high loss was offset by the profit of Bfr 570 million shown in the Campine.[105] The Convention did not specify where the subsidies should go. Since the same payment per ton of coal produced was applied to all mines, a large part of the support went to the more efficient mines in the Campine.[106]

The same financial assistance was continued in 1954. On 13 March 1954, the High Authority authorized payments of an "additional convention assistance" amounting to Bfr 190 million over and above the previous year. A supporting fund of Bfr 120 million was also authorized in accordance with Section 24,3,b. The supporting fund was to be "supplied on a fifty-fifty basis by the producers and the Belgian government." The Community was to pay for 50 percent of the Convention assistance and Bfr 45 million as its share of the additional Convention assistance and the supporting fund.[107]

Under this system it should be noted that the

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105. Lister, op. cit., p. 117; Meade, op. cit., p. 294.

106. Ibid., p. 295.

107. Sixth General Report, Vol.II, op. cit., p. 34.

general subsidy was paid to the Belgian collieries whether the pit was profitable or not.

A Joint Commission was set up in 1954 by the High Authority consisting of High Authority representatives and the Belgian government to investigate the progress of integration and the effectiveness of the compensation program.

The Commission concluded that flat-rate subsidies were not conducive to stimulating the Belgian modernization program and making its coal competitive in the Community.

Basing its Decision No. 22/55 of 28 May 1955 on the Commission's findings, the High Authority made its first major change in compensation payments to Belgium.[108] From 16 June 1955, the following changes were to be put in effect:

1. Compensation payments were discontinued to those grades of coal which could be sold in the Common Market without special assistance (Low-volatile coal over 10 mm in size and semi-bituminous coal over 20 mm in size).

2. Compensation payments were trimmed for those collieries in a more profitable position - by reason of coal mining conditions - and which could in the

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108. Meade, op. cit., p. 295.

future compete in the Common Market with reduced assistance.

3. The Convention assistance paid by the Belgian government to the Borinage collieries (Bfr 200 million) was reappropriated for general compensation requirements.

4. "Any difference between the yield of the compensation levy plus the equal contribution from the Belgian government ...and the amount required to cover payments under the new arrangements ...was to be used to help cover supplementary assistance for the Borinage."

5. Bfr 180 million was set aside to reduce the prices of certain industrial grades of coal.[109]

The grades of coal which were removed from the compensation scheme amounted to about one-third of the Belgian coal output.[110]

This new compensation scheme remained in effect until 9 February 1956. In implementing the new scheme, the High Authority encouraged the Belgian government to finance and supervise re-equipment and modernization programs for the coal mines. It further suggested compensation payment should be withheld from those

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109. Sixth General Report, Vol. II, op. cit., p. 34.

110. Diebold, op. cit., p. 206.

collieries which failed to cooperate in these programs. To start the ball rolling, the Belgian government passed a law on 12 July 1955 providing for credits to collieries amounting to Bfr 4-5000 million, which included Bfr 1,100 million for the Borinage alone.[111]

As a result of this change in compensation system, the Belgian pits fell into three categories:

1. Those receiving normal compensation payments.

2. Those receiving reduced compensation payments, because they were able to face Common Market competition with less help. (the Charbonnages de Beeringen, the Charbonnages de Helchteren et Zolder and the Charbonnages de Houthalen - all in the Campine).

3. Those receiving subsidies because of reorganization, "over and above the normal compensation payments."[112]

The importance of this new scheme was that it introduced the principle of selectivity. The Belgian coal industry was generally critical of the new arrangement.[113]

In making compensation payments selective, subsidies were made to depend on the financial position

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111. Sixth General Report Vol. II, op. cit., p. 31.
112. Ibid., p. 32.
113. Ibid.

of the various basins. It also linked subsidies more closely to modernization and reorganization schemes. A plan for specific subsidies to named enterprises was set up.

In 1955, the four principle coal companies in the Borinage (Charbonnages Belges, du Levant, de l'Ouest de Mons, and du Hainaut) were budgeted a total of Bfr 403.5 million for re-equipment and modernization under this compensation scheme. With High Authority agreement, this figure was exceeded by Bfr 18.7 million. For 1956, subsidies authorized were set at Bfr 331 million, but were later raised to Bfr 525.9 million. In 1957, the subsidies to be paid were set at Bfr 387.2 million. Bfr 200 million were to be paid by the Community as its share of the reorganization program of the Borinage (Bfr 130 million was to come from the compensation levy, 70 million from the readaption fund.) The total Convention assistance paid by the Community to finance the reorganization scheme for the Borinage from 1953-1956 was Bfr 339.4 million.[114]

The special subsidy under Section 26,2,c, covering Belgian coal exports to the Community were dropped on 1 April 1955. During this period, the High

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114. ECSC, Fourth General Report on the Activities of the Community (luxembourg: 1956), p. 123; Sixth General Report, Vol. II, op. cit., p. 34.

Authority examined the quarterly sales schedules of Belgian coal and then notified the Sales Agency, COBECHAR, of the tonnages, types and grades of coal which were to receive compensation payments. The quarterly schedules showed that 4.8 million metric tons had been exported by Belgium. The cost of the compensation was borne by the Community and the Belgian government on a fifty-fifty basis. The Community share of the export compensation program during its existence totalled Bfr 257.7 million.[115]

The reduction of the perequation levy on 10 February 1956 made it necessary to reduce compensation rates without altering the system of compensations until 31 December 1956.

Production costs went up as a result of the shorter work week won by Belgian labor. The Belgian government absorbed this increase through special payments to the industry. During 1956, these amounted to Bfr 557 million, and in 1957 to Bfr 214 million.[116]

By 1956, the overall financial position of the southern districts had improved, although some pits were still in bad shape. During 1956 and 1957, sub-

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115. Sixth General Report, Vol. II, op. cit., pp. 35-36.

116. Meade, op. cit., p. 298.

sidies remained high; the weaker mines receiving more and more a larger wedge of the subsidy pie. Efforts on modernization and rehabilitation also were beginning to bear fruit.

On further investigation of the economic position of the Belgian mines, " the principle of selectivity was applied on a general scale." This second change in the compensation payments scheme divided the Belgian collieries into three groups:

1. Those pits which did not require further assistance.

2. Those pits which showed promise of becoming competitive by the end of the transitional period.

3. Those pits which could not be integrated by the end of the transitional period.[117]

Group 1 embraced 50 percent of the total coal output in Belgium. Compensation payments to these pits were discontinued on 1 January 1957. Group 2 covered 40 percent of the total coal output in Belgium. From 1 January 1957 to the end of the transitional period, compensation payments were made for financial losses incurred, instead of payment on the basis of so much per ton sold. It was anticipated that subsidies might still

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117. Sixth General Report, Vol. II., op. cit. pp. 32-33.

be required for this group after the transitional period. Group 3 included the four collieries in the Borinage region (about 10 percent of the total Belgian output). Compensation to this group was discontinued after 10 February 1957.[118]

These new compensation payments were paid on a calculation of expected losses based on the 1956 production, and prices were fixed by the High Authority. If the coal companies put in a better performance than was expected of them, they could keep the difference in aid as added incentive. However, to qualify for the aid in the first place, they had to carry out the modernization programs, subject to inspection by the High Authority and the Belgian government. The Belgian government was authorized to pay additional subsidies to specific collieries, which included the four Borinage mines which no longer received general subsidies. The new scheme was initiated because:

1. It was necessary to give further incentive for more efficient operation of the Belgian collieries.

2. As yet, the Belgian coal industry had made little progress to ensure complete integration by the end of the transitional period.

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118. Ibid.; Meade, op. cit., pp. 296-297.

3. The ability of the Community to continue financing aid was declining rapidly.

The general subsidy scheme came to an end on 10 February 1958. Table 16 shows in detail the total subsidies paid to the Belgian collieries during the transitional period. Special subsidies were continued thereafter, but these were paid exclusively by the Belgian government.

At the end of the transitional period, the Belgian coal industry still had its troubles. There were many contributing causes. Chief among them was the fact that the Belgian government, labor, and industry contributed to slowing up the adaption program. They were afraid of moving forward too quickly lest wholesale unemployment result.

There was a strong demand for coal until 1957, which reduced pressures for cutting costs. The high demand gave the non-competitive Belgian mines a reprieve, but inhibited adaption.

Even in Belgium the selling price of Belgian coal was higher than that of the major competing collieries in the Common Market. The ability of the industry to command high prices for its high quality coal also alleviated the problem somewhat. Subsidies on exports had from the beginning aided the Belgian export market. When the subsidies were removed, exports of Belgian

TABLE 16

Subsidies paid to Belgian Collieries during the period February 10, 1953, to December 31, 1958, under Sections 25, 26.2a and 26.2c of the Convention containing the Transitional Provisions [1]

(000 and $ '000,000)

Subsidy		1953		1954		1955		1956		1957		1958		Total	
		Bfr.	$	Bfr.	$	Bfr.	$	Bfr.	$	Bfr.	$	Bfr.	$	Bfr.	$
Compensation payments under Section 25 and 26. a.															
Assistance a	1)	322.7	6.45	426.2	8.53	487.6	9.75	331.6	6.63	305.2	6.11	33.2	0.66	1 906.5	38.13
	2)	322.7	6.45	426.2	8.53	487.6	9.75	331.6	6.63	305.2	6.11	33.2	0.66	1 906.5	38.13
		645.4	12.90	852.4	17.06	975.2	19.50	663.2	13.26	610.4	12.22	66.4	1.32	3 813.0	76.26
Convention assistance	1	82.9	1.66	47.2	0.95	124.4	2.49	40.0	0.80	610.4	12.22	—	—	294.5	5.90
	3	82.9	1.66	47.2	0.95	330.5	6.61	395.7	7.91	640.2	12.80	685.2	13.71	2 181.7	43.64
		165.8	3.32	94.4	1.90	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	2 476.2	49.54
Supplementary convention assistance	2)	165.8	3.32	43.1	0.84	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	43.1	0.86
	3)	165.8	3.32	43.1	0.86	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	43.1	0.86
		165.8	3.32	86.2	1.72	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	86.2	1.72
Supporting fund	2)	165.8	3.32	1.9	0.04	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	1.9	0.04
	3)	165.8	3.32	178.3	3.56	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	178.3	3.56
		165.8	3.32	180.2	3.60	454.9	9.10	435.7	8.71	640.2	12.80	685.2	13.71	180.2	3.60
Totals (A [3])	2)	405.6	8.11	518.4	10.38	612.0	12.24	371.6	7.43	305.2	6.11	33.2	0.66	2 246.0	44.93
	3)	405.6	8.11	694.8	13.90	818.1	16.36	727.3	14.54	945.4	18.91	718.4	16.37	4 369.6	86.19
		811.2	16.22	1 213.2	24.28	1 430.1	28.60	1 098.9	21.97	1 250.6	25.02	751.6	15.03	6 555.6	131.12
Compensation payments under Section 26. 2c.															
Totals (B)	1	47.3	0.95	155.1	3.10	55.3	1.10	1 098.9	21.97	1 250.6	25.02	751.6	15.03	257.7	5.15
	3	47.3	0.95	155.1	3.10	55.3	1.10	1 098.9	21.97	1 250.6	25.02	751.6	15.03	257.7	5.15
		94.6	1.90	310.2	6.20	110.6	2.20	1 098.9	21.97	1 250.6	25.02	751.6	15.03	515.4	10.30
Compensation payments under Sections 25, 26, 2a and 26. 2c.															
Totals A - B	1	452.9	9.06	673.5	13.48	667.3	13.34	371.6	7.43	305.2	6.11	33.2	0.66	2 503.7	50.08
	3)	452.9	9.06	849.9	17.00	873.4	17.46	727.3	14.54	945.4	18.91	718.4	14.37	4 567.3	91.34
		905.8	18.12	1 523.4	30.48	1 540.7	30.80	1 098.9	21.97	1 250.6	25.02	751.6	15.03	7 071.0 [4])	141.42

[1]) Payable by the Community.
[2]) Payable by the Belgian Government.
[3]) Provisional figures.
[4]) Exclusive of Belgian enterprises' share :
compensation payments a) supporting fund Bfr. 49.879.147.50 (1954)
compensation payments c) Bfr. 129.850.993 (1953-54 and 1955, 1st quarter.

119. Seventh General Report, op. cit., pp. 338-339.

coal fell off in the Community.

The subsidy program drew the High Authority deeply into the Belgian economy. It gave the High Authority control in fixing selling prices and in setting into motion the program for organizational adjustments. The decline in demand for coal during the crisis which began in 1956 increased the pressures for adaption. By early 1959, it appeared as though the balance was beginning to shift towards adjustment and the closing down of the less profitable pits.

Three major points about the subsidy scheme during the transitional period are worthy of note:

1. There was no decidedly downward trend in the total amount of support paid to the collieries. The payments in 1953 were Bfr 1,040 million. Over the transitional period it averaged Bfr 1,300 million.

2. General subsidies declined sharply over the period. In 1953 general subsidies amounted to 71 percent of the total amount (82 percent if export subsidies are included). In 1957, they had reduced to 49 percent. At the same time, direct subsidies to specific collieries had a corresponding increase.

3. The share paid by the High Authority in compensation aid declined throughout the period with the share from the Belgian government rising accordingly. Initially, both paid 50 percent each. By 1957 the

High Authority was paying 24 percent, the Belgian government 76 percent.[120]

Of the $56.2 million collected by the High Authority during the transitional period for subsidies, $48.4 million went to Belgium and the remainder to Italy.[121]

On 14 May 1959, the Council of Ministers agreed to the following measures in regard to the Belgian pits:

1. The schedule prices of the Belgian coal were to be lowered by means of government subsidies in accordance with Section 26, 4 of the Convention.

2. The High Authority granted readaption aid (under Section 23) in order to ease the blow of unemployment as pits were closed during the reorganization program.

3. The financial assistance paid to miners on short time work was extended until 30 September 1959.[122]

On 31 June 1959 the Council approved a High Authority proposal to allow the Belgian government under Section 26, 1 of the Convention to subsidize eight million metric tons during 1959.[123]

The Belgian government was due to submit new subsidy proposals to the High Authority during the first half of 1960, but procrastinated until September 1960,

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120. Meade, op. cit., p. 298.
121. Diebold, op. cit., p. 204.
122. Eighth General Report, op. cit., p. 130.
123. Ibid., p. 136.

at which time it applied for Bfr 600 million. For 1960 the Belgian government was authorized to pay subsidies of Bfr 683 million on the production of 4.2 million metric tons.

> The subsidies were to be payable only to collieries called upon to bear additional operating costs as a result of neutral conditions in the deposits and of obvious imbalances further burdening their costs.[124]

At the same time the High Authority took under consideration the Belgian subsidy proposal for 1961. On 11 November 1960, the Council gave it its stamp of approval.

Under the new decision, Bfr 400 million were authorized for subsidy payments on 3.3 million metric tons of coal produced in southern Belgium. As a price for these subsidies, however, the collieries had to continue modernization and closure programs. Subsidies were to be fixed quarterly.[125]

In 1961, subsidies actually paid amounted to Bfr 380 million, of which Bfr 66 million were in the form of "repayable advances." These subsidies were paid on 4.1 million metric tons produced.[126]

The Belgian government, in its new subsidy proposals was of the opinion that Bfr 250 million for

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124. Ninth General Report, op. cit., pp. 116-117.
125. Ibid., p. 118.
126. Tenth General Report, op. cit., p. 161.

1962 and Bfr 100 million for 1963 would suffice. Subsidization thereafter would be dropped.[127]

After consultation with the Council, High Authority Decision No. 10/62 granted subsidies to only four collieries against a previous eight for 1961. No repayable advances were granted. Subsidies in 1962 amounted to Bfr 115 million and were paid on a little over 1.7 million metric tons.[128]

For 1963, as mentioned above, the Belgian government recommended Bfr 100 million to subsidize 1.1 million metric tons. The Belgian government predicted that not over Bfr 50 million of this figure would actually be spent.[129]

V. INVESTMENT PROGRAMS

Belgian pits, past and present, have been the recipients of a higher capital investment rate than any of the other pits in the Community.

Tables 17 and 18 show the capital investments made in the Belgian collieries.

In 1956, to put into operation a one million ton

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127. Ibid.
128. Eleventh General Report, op. cit., pp. 264-265.
129. Ibid., pp. 265-266.

TABLE 17

Capital Expenditure on Collieries in Northern and Southern Belgium and on the Four Infra-marginal Mines in the Borinage (1)

(exclusive of mine-owned coking-plants, briquetting-plants and thermal power-stations)

(Bfr. '000,000)

	1952			1953			1954			1955			1956			1957(2)	1958
	Actual expenditure	Expenditure originally planned	Difference	Actual expenditure	Expenditure originally planned	Difference	Actual expenditure	Expenditure originally planned	Difference	Actual expenditure	Expenditure originally planned	Difference	Actual expenditure	Expenditure originally planned	Difference	Expenditure planned	Expenditure planned
Campine	770.0	1,086.0	—316	630.5	1,023.0	— 392.5	672.5	810.0	—137.5	644.5	585.0	+ 59.5	861.0	762.0	+ 99.0	1,146.0	896.0
Southern Belgium	1,500.0	1,719.0	—219	1,110.0	2,502.0	—1,392.0	1,229.0	1,744.0	—515.0	1,143.0	970.0	+173.0	1,212.5	1,011.0	+201.5	1,930.0	1,458.5
Belgium	2,270.0	2,805.0	—535	1,740.5	3,525.0	[illegible]	1,901.5	2,554.0	—6[illegible]	[illegible]	1,555.0	+232.5	2,073.5	1,773.0	+300.5	3,076.0	2,354.5
Southern Belgium																	
Centre				217.5			271.5			108.0			127.0			184.0	163.5
Charleroi	1,500			299.0			473.5			[illegible]			423.0			679.5	637.0
Liège				277.5			204.0			273.0			233.0			454.5	248.0
Borinage				316.0			280.0			214.5			429.5			612.0	410.0
Infra-marginal mines																	
Charbonnages belges	107.5			56.0			97.5			53.5			55.0			94.0	40.0
Levant & Produits	117.5			71.5			53.5			44.0			116.5			198.0	136.5
Ouest de Mons	48.[illegible]			55.0			36.0			29.0			17.0			52.0	65.0
Hainaut	45.5			78.5			37.5			31.5			179.0			152.5	93.5
	318.5			261.0			224.5			158.0			367.5			496.5	335.0

(1) No figures available for actual expenditure in 1952 or for expenditure originally planned over 1952—56 in respect either of the Centre, Charleroi, Liège and Borinage coalfields or of the four infra-marginal mines.

(2) Expenditure originally planned over 1952—57 in respect of all the Belgian coalfields totalled Bfr. 12,896,000. Expenditure originally planned for 1957 was as follows:
Campine: Bfr. [illegible],000,000 — *Southern Belgium*: Bfr. 322,000,000 — *Belgium*: Bfr. 684,000,000.

130. Sixth General Report, Vol. II., op. cit., pp. 390-391.

TABLE 18.

INVESTMENTS BY COAL BASIN [131]
($'000,000)

	1954	1955	1956	1957	1958	1959	1960	1961	1962(a)	1963(a)
HARD COAL COLLIERIES										
Campine	13.45	12.87	17.20	18.33	17.01	9.52	6.95	6.48	10.11	9.13
Southern Belgium	24.58	22.87	25.19	27.22	21.46	13.81	9.54	9.18	13.36	7.73
Total	38.03	35.74	42.39	45.55	38.47	22.33	16.49	15.66	23.47	16.86
HARD COAL BRIQUETTING PLANTS										
Southern Belgium	.49	.81	.72	.96	.85	.61	.59	.56	1.63	1.25
PITHEAD POWER-STATIONS(b)										
Campine	3.44	2.87	3.22	2.62	3.00	3.44	4.03	7.65	.35	1.50
Southern Belgium	5.00	1.59	11.65	12.90	23.40	24.41	10.03	9.02	7.67	1.96
Total	8.44	4.46	14.87	15.52	26.40	27.85	14.06	16.58	8.52	3.46
Overall Total	46.96	41.01	57.98	62.03	65.72	51.79	31.14	32.80	33.62	21.57

(a) Estimated figures.

(b) Pithead power-stations proper and other power-generating plants at the mines.

131. Eleventh General Report, op. cit., pp. 39, 41-42.

mine with a life expectancy of fifty years required an outlay of $35 to $40 million. The fifty year duration has reference to reserves and major fixed assets such as shafts and galleries, but not machinery. For more efficient mines, shafts and galleries are replaced more often than every fifty years. The above projected mine cost usually allows for a coking plant and a power-plant with a life-cycle of about twenty years, becoming obsolete at the rate of 5 percent per year.[132]

Immediately after the Second World War the Belgian government undertook a $322 million investment program which was to continue through 1956. The program sought to lessen Belgium's reliance on coal imports and to maintain mines in operation " at all costs." But, "little was done to cut costs and raise productivity without sacrificing production."[133]

Investments were high in both the Campine and southern Belgium areas before the establishment of the Common Market for coal. In 1952, B r 2,270 million was inv sted in the coal mines. On the eve of entry into the Common Market, the re-equipment program in Belgium was subsidized by Bfr 15 billion,

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132. Lister, op. cit., p. 103.
133. The European Coal and Steel Community, Part I (Studies in Business and Economics Vol. 9 College Park, Md.: Bureau of Business and Economic Research, 1955), p. 9.

of which Bfr 3.4 billion was provided by the producers. From 1952 to 1956, Belgian coal firms invested an average of $53 million per year, of which $30 million were invested in the mining division. Subsidies paid by the High Authority and the Belgian government from 1953 to 1956 represented 58 percent of the total funds invested in all divisions. A total of $150 million was appropriated to the mining division, and $200 million to the other divisions. The mine owners were supposed to use the subsidies for capital investments.[134]

On 23 April 1954 the United States granted a $100 million loan to the Community. Of this, $60 million was allocated in December 1954. In 1955, $10 million of this was set aside for the Belgian coal mines.[135]

In 1955, the High Authority was also helping to finance the construction of a gas-producing plant using low grade coal in the Liege area.[136]

Until 1957, high prices and large demands made coal operations profitable. The Belgian coal firms had more money for investment programs, however, they were riding the crest of a boom, and they showed little enthusiasm for making adjustments and closing down the least profitable pits. Although investments were

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134. Lister, op. cit., p. 119; Sixth General Report, Vol. II, op. cit., p. 34.
135. Mason, op. cit., pp. 95,97.
136. Goormaghtigh, op. cit., p. 402.

high and some pits were closed in southern Belgium, the productivity of their mines in 1956 remained one-third below that of the major fields in the Community as a whole.

One of the chief shortcomings in the Belgian coal industry has been the lack of sufficient facilities for increasing the rate of productivity. These facilities include such items as electrical power-plants at pit-heads. Another weakness is the less advanced production facilities for secondary products such as coke and briquettes. In other areas of the Community a greater portion of the investments is earmarked for electrical power and coking plants.[137]

Professor Fernand Dehousse, a spokesman for the coal miners in the Assembly of the Community, pointed out that:

> Progress in Europe has often in the past been hindered by the desire to keep in operation even obsolete equipment and unprofitable enterprises because of the very legitimate fear of unemployment.[138]

From 1956 on, pithead power-station investments showed a marked - albeit belated - increase, particularly in the south. These investments were to continue.

During the transitional period, investment expen-

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137. Lister, op. cit., p. 120; Meade, op. cit., p. 300.

138. Mason, op. cit., pp. 99-100.

ditures came to Bfr 9.8 billion, which was about 50 percent more than the total subsidy payments. Although the investments were quite high, the efficiency of the pits, measured in O.M.S., increased only slowly, with the gap between Belgium and the other Community countries widening a little.

The Campine mines improved, however, the southern mines fell behind. Some of the less efficient pits were closed. The failure of the southern mines to catch up was, all in all, very disappointing when the size of the investments is taken into consideration. These investments amounted to $1.33 per ton from 1953 to 1957, and $1.57 per ton in 1957. This was the highest in the Community with Italy included.[139]

After the transitional period, capital investment decreased. By 1960 they amounted to only half of the 1958 figure. After 1960, investments increased slightly. In 1963, the capital investments dipped to about two-thirds of the 1962 figure.

The trends in the investment programs have followed a pattern similar to the trends in the compensation scheme. As long as subsidies were high, investments were high. When subsidies dropped, and the coal industry showed improved health, investment dropped.

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136. Seventh General Report, op. cit., p. 182.

VI. COAL PRICES

COBECHAR. The sole Belgian coal cartel is the Comptoire Belge des Charbons (COBECHAR), organized in 1934. It is a coal sales agency which contracts for a significant portion of the open-market coal sales of the Belgian producers. COBECHAR markets about half of the Belgian output and deals mainly with big consumers. The prices and terms set by COBECHAR generally set the pattern for the industry.

COBECHAR is analogous to GEORG - the Ruhr coal selling agency.

In April 1954, Franz Etzel, then vice-president of the High Authority, made known to the Assembly that he had notified COBECHAR that it was in violation of Article 65 of the Treaty.[140]

In 1955 and 1956, negotiations with the High Authority led to some changes in organization and a *modus operandi* to bring it in line with the provisions of the Treaty. In these negotiations, the High Authority was not concerned about the amount of coal sold through COBECHAR (which amounted to about 7 percent of the Community production in 1956), but rather

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140. Mason, *op. cit.*, p. 78. Article 65 of the Treaty forbids any enterprise which prevents competition.

about the manner in which it should operate to improve production and distribution. It was to take on the same functions authorized to preserve GEORG.[141]

The Belgians had considered COBECHAR as just another commercial enterprise. Virtually all the Belgian coal firms are represented, each having capital shares and voting rights in proportion to their production. The Societe Generale and the Launoit groups control a large part of the industry. In recognition of this, the presidency of COBECHAR alternates between these two firms each year.

In October 1956, the High Authority authorized (Decision No. 30/56 - later amended by Decision No. 27/57) the Belgian coal firms to operate through COBECHAR. In turn, COBECHAR was authorized to:

1. Fix prices and sales conditions for all sales.

2. Fix rules for delivery terms, delivery points, discounts, and long term contracts.

3. Sell to Italian customers until 1958, unless the Italians voiced their preference for using a private merchant instead.

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141. Diebold, op. cit.,p. 396; Sixth General Report, Vol. I, op. cit., p. 78. See Fourth General Report on the Activities of the Community, April 1956, No. 133, and Fifth General Report on the Activities of the Community, April 1957, Nos. 152 to 159.

In addition, COBECHAR lost its exclusive sales rights in France and Luxembourg.[142]

COBECHAR is not empowered to control production; however, it may move to equalize employment and distribute orders when there is idle capacity. This rule is primarily designed to safeguard the small independent producers. All mining firms had a voice in setting coal prices.[143]

"The mining firms may sell to other customers, to firms that own 75 percent of the capital and to any consumers that have bought from the mines on long term contracts." The firms may sell directly or through a middle-man. If COBECHAR fixes the rules for the sales to merchants, it must first get the High Authority's approval. The decision of the High Authority gave the customer the option of taking delivery at the mine, at an inland port, or at Antwerp, and arranging for his own transportation.[144]

In 1956 and 1957, COBECHAR handled the sales on 17 million metric tons out of the 23 million available for sale. The mining firms handled the remainder on their own.

In December 1958, COBECHAR was informed that the

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142. Lister, op. cit., p. 279.
143. Ibid.
144. Ibid., pp. 279-280.

High Authority was going to change its authorization. Officials from the High Authority and COBECHAR met in Brussels to examine the organization and its sales policies. On 9 February 1957, COBECHAR applied for its new authorization; but the application was later withdrawn because of the reorganization measures taking place in the Belgian coal industry.[145]

During 1959 and 1960 the following collieries dropped out of COBECHAR: Charbonnages Limbourg-Meuse, Charbonnages de Helchteren et Zelder, Societe Anonyme des Charbonnages de Beeringen; and in 1960, Charbonnages Reunis de Roton-Farciennes et Oignies-Aiseau followed suit.[146] These firms formed an independent selling group and set their coal prices below COBECHAR.

The waiting period ran out, and COBECHAR had not resubmitted its application to the High Authority. The High Authority, therefore, extended COBECHAR's authorization to continue as before until 31 January.[147]

In February 1960 further changes were made relating to joint selling through COBECHAR, because COBECHAR no longer represented all the collieries.

By December 1960 the application was submitted

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145. Eighth General Report, op. cit., p. 188.
146. Ibid., p. 189.
147. Ibid.

requesting authorization under Article 65 for the regrouping of the Belgian collieries within COBECHAR with the exception of the Societe Anonyme des Charbonnages du Hasard, Societe Anonyme des Charbonnages Reunies de Roton-Farcionnes et Oignies-Aiseau, and the Winterslag division of Societe Anonyme Metallurgique d'Esperance-Langdoz. COBECHAR also asked for authority to amend their own operating rules.[148] By 1 January 1961, nine of the twelve collieries, including the largest, had rejoined COBECHAR.

High Authority Decision 1/63 of 16 January 1963 authorized COBECHAR to operate for the period 1 February 1963 to 31 December 1965.[149] In its dealings, COBECHAR must abide by the requirements of the reorganization program. Five coal producers still remain outside of the sales agency as independents. Some of the firms associated with COBECHAR have also set aside some of their production for their own use and own independent sales. Consequently, COBECHAR now has only a very small part of the Community coal market.[150]

Production Costs. Coal production costs are greatly influenced by the natural conditions that

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148. Ninth General Report, op. cit., p. 170.
149. Eleventh General Report, op. cit., p. 316.
150. European Community (No. 63. June, 1963), p. 14.

prevail. The depth of the seam and its other characteristics determine the mining methods to be used and the capital and other costs required. When these natural conditions are adverse, they create an expensive mining situation - one which can be offset only by mechanization.

A common market offers two choices to a high cost producer. He may either opt to close down his less efficient pits, or undertake a re-equipment and modernization program to increase the efficiency and whittle down production costs.

The Belgian collieries did both. First they concentrated on modernization, closing the least efficient pits, but keeping the border-line pits in operation because of the demand for coal. When the coal recession set in, a program of reorganization and modernization began in earnest.

In the Campine coal is produced from richer seams on terms comparable with the better Community producers. In the south the seams are thin and the production costs are extremely high.

Although productivity - measured in O.M.S. - has shown a steady increase since the beginning of the Common Market for coal, production costs have also climbed. In 1961, the increase in production costs

within the Community were so high that they cancelled out the price reductions which had been made in the previous two years. Most of the Belgian coal prices remained fairly steady during this period showing slight increases for some grades in 1963.

The increase in wages and indirect labor costs have been the principal factor in the rise of production costs. Labor costs account for 55 percent of the total production costs per metric ton mined.[151] These wages increased faster than did O.M.S. Since 1953 wage costs increased more than 70 percent; whereas O.M.S. increased only 65 percent in Belgium.

The rising costs of mining equipment, although increasing at a modest rate of about 2 percent per annum, also had a slight effect on production costs.

As the demand for coal continues to decline, and wages continue to increase, production costs will probably continue to rise.

Labor Costs. Traditionally, the salaries of coal miners have been based not on hours put in at the collieries, but rather on a piece-rate system. The reasons for this are two-fold. In the first place, the conditions in a coal mine are not conducive to

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151. Eleventh General Report, op. cit., pp. 102-103.

management keeping a supervisory eye on its help; and secondly, miners approach their work with varying degrees of enthusiasm ... ergo the output can differ markedly from man to man. As a result, it has become the custom to pay according to the amount of work accomplished. The unit used in calculating wages under the piece-rate system is either the weight of tubs of coal excavated from the pit; or, the "measurement of the coal extracted by length of face, area, or cubic content...in the seam being worked;" or a combination of tubs extracted and face worked. A fourth generally used contract employs "time" as its unit of measurement. The object here is to finish a given unit of work within a given space of time.[152]

A systematic classification of Belgian coal workers was carried out in 1946 to compare wages and skills and to coordinate wages. Fifteen standards of wage rates - five surface and ten underground - were developed based on the cost of living index. The top three grades of underground workers were paid on piece-rates, whereas the tenth grade was "subject to a minimum guaranteed weekly wage."

A minimum wage rule operates for piece-rate

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152. OEEC, Second General Report, op. cit., pp. 78-80.

workers, when for some unforeseen reason, not under his control, the underground worker cannot meet his quota.[153]

It is a basic tenet of the ECSC Treaty that "reductions of wages must not be used as a means of competition between enterprises; on the contrary, the object of the Common Market must be to raise the worker's standard of living."[154]

Wages and indirect labor costs have shown a continual increase since the beginning of the Common Market.

In 1956, labor costs in southern Belgium amounted to $9.60 per ton which were the highest in the Community. The lowest, in the Loraine, was $6.20 per ton. The Campine labor costs per ton compared favorably with those in the Lorraine.[155]

Labor unions in the coal industry have not spent their efforts on increasing direct wages to the labor force. Rather, their focus of attention has been on "safeguards against unemployment," guarantees of weekly wages, and other social benefits.[156]

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153. Ibid., pp. 87-88.
154. ECSC, Third General Report on the Activities of the Community (Luxembourg, 1955), p. 123.
155. Lister, op. cit., p. 97.
156. Eighth General Report, op. cit., p. 309.

TABLE 19.

TREND IN EMPLOYER'S WAGE COSTS AND RELATED CHARGES (BELGIUM)[157]
(1954 - 100)

	Total		of which, indirect labor costs	
Year	1954 - 100	Year to Year Change	1954 - 100	Year to Year Change
1954	100.0	-	100.0	-
1955	103.7	+3.7	110.3	+10.3
1956	110.5	+6.6	114.8	+4.1
1957	132.2	+19.3	137.5	+19.8
1958	137.2	+3.8	141.8	+3.1
1959	135.3	-1.4	142.5	+0.5
1960	138.8	+2.6	152.1	+6.7
1961	143.9	+3.7	166.5	+9.5

The indirect payments to labor are those payments which the employer makes to the state or to the private funds for such items as insurance, retirement, unemployment, sickness, family allowance, and so forth. These are included in the cost of production, and do not go directly into the workers' pockets. Indirect payments may be considered as "special" costs needed to maintain the standard of living of the coal labor force in relation to the standards of the Community.

In 1961, fringe benefits amounted to 34 percent of the total wage of the average Belgian miner.[158] Table 19 shows the trend in indirect labor costs as compared to wages.

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157. Eleventh General Report, op. cit., p. 106.
158. Labor in the European Community (No. 2. Washington, D.C.: Information Service of the European Community, February 1964), pp. 3-4.

The Belgians pay higher allowances to married men with children. These family allowances are highest in Belgium and France. In Belgium, social security payments are the same for all workers.[159]

When the coal crisis set in, short-time working was used to keep production and unemployment down and as many pits in operation as possible. The regulations regarding allowances to miners on short-time work were provisionally amended by decree in Belgium in September 1958. The decree stated that allowances could be paid even when unemployment was limited to one day.[160]

By 1960, short-time working amounted to only 10 - 15 percent of production in Belgium. High Authority Decision No. 2/60 of 27 January 1960 authorized short-time working allowances from January to September 1960 amounting to $1.7 million.

On 10 January, the High Authority authorized payments to continue through 1961. The High Authority earmarked $1.3 million for these payments.[161]

In 1961 and 1962, wages continued their upward spiral - especially the indirect labor costs as a re-

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159. Lister, op. cit., pp. 386-388.
160. Seventh General Report, op. cit., p. 242.
161. Ninth General Report, op. cit., pp. 257-258.

sult of increases in social security payments.

Increases in wages and indirect payments continued to chip away at profits, until in 1963 it became necessary to increase prices for some grades of coal.

Price Policies. At the end of World War II, the Belgian coal industry was in disarray. The Belgian government moved in to fix prices. Most of the export prices for coal were higher than those in the domestic market. Cheaper coal imports from Germany were sold in Belgium at domestic prices. The difference in price was used to subsidize the coal mines. There was, however, no official price controls on coke.[162]

When the Common Market for coal began in 1953, the control of prices passed from the hands of the Belgian government to the High Authority. The High Authority clamped the lid on the Community prices to prevent them from rising too high now that they were free of governmental control. In April 1954, the High Authority decided to continue price controls for Belgian coal primarily in conjunction with the subsidy scheme. These subsidies, paid under the Convention

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162. Mister, op. cit., pp. 285-286; First General Report, op. cit., p. 67.

were designed to bring Belgian coal prices down to a more normal level, and as close as possible to the prices of Ruhr coal. Controls on Belgian coal prices continued until the end of the transitional period in 1958.

In 1952, Belgian coal prices were considerably higher than Ruhr coal by the following percentages: anthracite - 32 percent; semi-bituminous - 48 percent; and bituminous - 32 percent. German prices for coal had been increased just before the opening of the Common Market for coal on 10 February 1953. This helped to make less glaring the differences in prices with Belgian coal.[163]

The Convention called for the reduction of Belgian coal prices. The High Authority and the Belgian government agreed on a deficiency payment system in which Belgian coal prices were reduced and the producers were paid Bfr 29 per ton produced to cushion the loss in revenue. This system was introduced on 15 March 1953.

In its Decision No. 6/53 on March 1953, the High Authority took control of the fixing of maximum prices on coal.

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163. Meade, op. cit., pp. 292-293.

> In so doing, it took into account, as far as possible, the existing prices and allowed a certain amount of flexibility, in order to enable firms to adjust themselves to the new situation which had arisen through the establishment of the Common Market...average prices, which must not be exceeded, were fixed for each category of coal.[164]

Category is usually defined by the amount of volatile matter in the coal; whereas, grade usually refers to each category by its size. Coke refers to coke-oven coke. Coal, in the European sense, means hard coal and includes both anthracite and bituminous, but not lignite.[165]

The High Authority's new price list was issued on 15 March 1953. Only maximum prices were fixed, and these were based on the previous government controlled prices. Belgian coal under this price schedule was still higher than the delivery price of Ruhr coal, but only by the following percentages: anthracite - 21 percent; semi-bituminous - 20 percent; and bituminous - 12 percent.[166]

When the Community opened shop, the Belgian collieries had a surplus of coal, and exports were in excess of imports. As long as the demand for coal

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164. First General Report, op. cit., p. 68.
165. Diebold, op. cit., p. 118.
166. Lister, op. cit., p. 285.

continued, there were markets for the higher priced Belgian coal. Subsidies played an important role in making Belgian coal prices more competitive.

As wages increased, production costs increased. It was inevitable that coal prices would have to follow suit. Table 20 illustrates the development of Belgian coal prices for various grades as compared to Ruhr coal.

After considerable dickering, between 1954 and 1956, the High Authority finally brought to an end price-fixing except for Belgian coal in 1956.[167]

In October 1957, the High Authority permitted an increase in Belgian coal prices to allow for higher wages and social security payments which came into effect in 1956. These new price increases were applicable only to southern Belgium, and amounted to 2 to 4 percent depending on the grade of coal.

During the winter of 1957-1958, the demand for coal fell. Coal prices were slashed, with those in the Campine falling faster than those in the south. The Belgian government stepped in to prevent further cuts in order to protect the southern coal mines from collapse.[168]

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167. Diebold, op. cit., p. 599.
168. Ibid., p. 213.

TABLE 20

DEVELOPMENT OF COAL PRICES [169]

(EMA units of account per metric ton f.o.t. at collieries exclusive of all taxes)

	June 1952	April 1953	April 1954	June 1955	April 1956	April 1957	April 1958	April 1959	April 1960	January 1961	April 1961	April 1962	January 1963
Anthracite (French Nut)													
Ruhr	19.20	22.80	22.80	22.97	23.16	24.08	25.69	25.69	25.49	25.49	26.76	30.48	31.25
COBECHAR	27.22	27.60	27.60	30.00	30.00	33.60	34.60	34.60	34.60	34.60	34.60	34.60	36.10
Independents	-	-	-	-	-	-	-	-	34.60	34.60	34.60	35.20	33.10
Low Volatile (Small Nut)													
Ruhr	16.22	19.37	19.37	19.54	19.73	20.65	22.15	22.14	22.08	22.06	23.16	24.00	24.00
COBECHAR	27.22	27.60	27.60	30.00	30.00	33.60	34.10	32.60	31.60	31.60	31.60	31.60	32.10
Independents	-	-	-	-	-	-	-	-	30.60	30.60	30.60	31.00	33.10
Semi-Bituminous (Singles)													
Ruhr	11.65	13.66	13.66	14.05	14.25	15.16	16.32	16.09	15.77	15.77	16.56	16.56	16.57
COBECHAR	17.22	16.40	16.40	15.70	15.70	19.40	20.10	19.70	17.60	17.60	17.60	17.60	19.00
Independents	-	-	-	-	-	-	-	19.20	17.60	-	-	-	-
High Volatile Bituminous (No. 2 Nut)													
Ruhr	11.31	13.32	13.09	13.25	13.45	14.37	15.40	14.84	14.63	14.63	15.36	15.36	15.74
COBECHAR	18.22	17.20	17.20	16.26	16.26	18.90	18.90	18.90	16.40	16.40	16.40	16.40	16.40
Independents	-	-	-	-	-	-	-	17.20	16.40	16.40	16.40	16.40	16.40
High Volatile Bituminous (No. 5 Nut)													
Ruhr	11.20	13.20	12.86	13.03	13.22	14.14	15.29	14.49	14.29	14.29	15.00	15.00	15.62
COBECHAR	15.72	15.00	15.00	15.00	15.20	17.80	17.80	16.80	15.00	15.00	15.00	15.00	15.00
Independents	-	-	-	-	-	-	-	16.00	15.00	15.00	15.00	15.00	15.00
Bituminous (Washed duff of coking-fines)													
Ruhr	10.86	12.63	12.17	12.34	12.53	13.45	14.49	14.49	14.47	14.47	15.19	15.19	15.58
COBECHAR	14.32	14.20	14.06	13.82	17.30	16.70	15.70	15.70	14.60	14.40	14.40	14.40	14.40
Independents	-	-	-	-	-	-	-	15.60	15.30	15.30	15.30	14.60	14.60

Taxes to be added (percent)

	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Ruhr	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.16	4.16
COBECHAR	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00	1.00	1.00
Independents	-	-	-	-	-	-	-	5.00	5.00	5.00	1.00	1.00

169. Eleventh General Report, op. cit., pp. 596-601.

When the transitional period drew to a close, Belgian coal prices were still above Ruhr delivery prices by the following percentages: anthracite - 35 percent; semi-bituminous - 23 percent; and bituminous - 19 percent. These figures indicate a much better position as compared to the 1952 prices, but a disappointment when compared to the 1953 prices. The primary cause behind these higher prices was the increase in wages and other fringe benefits in order to attract and keep workers in the industry.[170]

Some of the brighter aspects of the transitional period were the closing down of many unprofitable pits in the southern Belgium Basin, the increased production in the Campine, and actual shifts made from high-cost to lower-cost production. These developments, however, were not enough to turn the tide and bring the industry up to a more competitive position.

Before going on to the post-transitional period, a little might be mentioned about freight absorption and zonal pricing. In 1953, the High Authority forbade the use of freight absorption by coal producers on sales from another basing point within the Community. This was to prevent the disturbance of the coal

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170. Meade, op. cit., p. 302.

supply at each producing district. Freight absorption, however, was authorized on third country imports.[171]

> When one is dealing with the maximum prices for coal, however, the situation is less straightforward. Distance affords a natural protective barrier because transport charges form a large part of the delivery price except for consumers in the vicinity of the pitheads, and the sales of the basins for which higher maximum prices have been set do not necessarily depend upon the inability of the mines whose prices are subject to a lower limit to expand supply.[172]

Belgium was the only country that would be affected by the removal of freight absorption from coal prices. Consequently, they were understandably cool to the decision forbidding the practice.

Under Section 24 of the Convention, the High Authority was authorized "to allow the charging of zone-delivered prices for coal to avoid sudden and harmful shifts in production; or in certain areas, price increases so steep and sudden as to be harmful." Zonal prices - pricing based on the geographic location of the consumer area - were therefore authorized during the transitional period in respect to sales by the Belgian coking-plants within Belgium, to the French depots of Moselle and Meurthe-et-Moselle, and to

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171. Lister, op. cit., p. 287.
172. Meade, op. cit., p. 216.

Luxembourg.[173]

In 1958, when the zonal prices terminated, the problem of allowing freight absorption once more faced the High Authority. On 1 April 1958, the High Authority permitted " a limited degree of potential freight absorption." At the same time, it sought to prevent producers and sales agencies from fixing prices on the market outside their own areas. Limited freight absorption was allowed by any coal district on not more than 20 percent of the previous year's total sales of coal. Even with these measures, Ruhr coal still could have undersold Belgian coal on the Belgian market. In addition, this freight absorption did not improve Belgium's competitive position on the export market.[174]

New price schedules were submitted by COBECHAR in December 1958. These showed cuts of Bfr 35 to Bfr 75 depending on the grade of coal. The three Campine enterprises which withdrew from COBECHAR in 1958 published their schedules on 1 January 1959. Their prices were much lower than the selling agency's (Bfr 85 to Bfr 130).

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173. Sixth General Report, Vol. II, op. cit., p. 25.
174. Lister, op. cit., pp. 295-296.

Competition between CORECHAR and the independents continued as Belgian prices sought a level with Community coal. The general trend in coal prices was downward until 1962, when increased wages forced prices to resume an upward climb. On 1 April 1962, prices on household grades of coal were increased about 3 to 6 percent. Increases for the same grade were widespread throughout the Community.

On 1 December 1962, prices were increased 5 to 7 percent for most types of coal. Changes were also made at this time in Belgium in the ash - and moisture - content standards for coal which had the effect of raising the prices on muddling, slurries, and untreated duffs by 5 to 20 percent.

The United States is the leading exporter of coal to Belgium. Although the quantity of coal imported from the United States has decreased considerably, the lower prices of U.S. coal do have an effect on the Belgian economy. Table 21 shows the development of American coal prices. It is expected that by 1970 American coal prices will be around $13 - $13.50 per metric ton for steam coal and $14.50 to $16.50 for coking coal.[175]

Although prices did increase in Belgium, the story

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175. European Community, (April-May), p. 13.

TABLE 21.

PRICE OF U.S. COAL (Slack/Coking Fines) [176]
($. per metric ton)

Period	Price f.o.b. Hampton Roads(1)	Average Freight charge Hampton Roads - ARA (2)	Price c.i.f. ARA
1953			
March	10.38	4.83	15.21
September	9.55	3.90	13.45
1954			
March	8.57	4.66	13.23
September	9.06	5.11	14.17
1955			
March	9.84	6.79	16.63
September	11.27	9.19	20.36
1956			
March	11.51	10.09	21.60
September	11.51	9.92	21.43
1957			
March	11.76	9.72	21.48
September	11.27	3.30	14.57
1958			
March	9.84	3.00	12.84
September	9.84	3.10	12.94
1959			
March	9.84	2.94	12.78
September	9.84	2.87	12.71
1960			
March	9.60	3.51	13.11
September	9.60	3.51	13.11
1961			
March	9.60	3.51	13.11
September	9.60	4.27	13.87
1962			
March	9.84	3.13	12.97
September	9.84	2.41	12.25
1963			
March	9.84	3.17	13.01

(1) Average quarterly price for short term contracts.
(2) Mean between maximum and minimum rates charged during the month in respect to single voyages.
ARA = Amsterdam - Rotterdam - Antwerp.

176. Eleventh General Report, op. cit., p. 608.

was the same throughout the Community; therefore, price alignment remained about the same. It is anticipated that as wages continue to climb faster than productivity, coal prices will continue to go up.

VII. LABOR

Labor Problems. The Belgian coal industry has had its share of labor woes. In the booming economy that followed the war, the availability of pleasanter employment above ground in other industries has wooed potential miners away from the gloomy, hazardous pits. The curtailment of coal production, pit closures, instability and questionable future of the coal industry have further driven potential Belgian workers away. Even when unemployment was high in Belgium, and there was a great need for workers in the pits, it was difficult to get people to work in the mines.

Diebold describes the situation thus:

> It seems to be a law of modern economics that prosperity makes it hard to mine coal ...Families that have lived for generations with coal dust, cave-ins, silicosis, and explosions see the chance to guide their sons to a better future above ground.[177]

Despite this, as recently as 1959, one out of

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177. Diebold, op. cit., p. 446.

every ten members of the Belgian labor force was engaged in the coal industry. Coal production represented 12 percent of the value of all goods produced.[178]

The only way that the Belgian collieries could get sufficient workers in the mines was to hire foreign labor, which helped keep the labor force up to the desired level. The problems that ensued from the use of foreigners are discussed in the next section.

In 1952, there were 119,400 underground workers employed in the Belgian coal industry. Although this force was almost 15,000 higher than in 1938, O.M.S. did not reach the 1938 level.[179]

The miners in Belgium worked eight hour shifts including winding time and were paid 25 percent bonus for the first two hours of overtime, and 50 percent bonus for any time over that. There were no fixed number of working days.[180]

During the transitional period, there was a steady demand for labor. Manpower shortages hampered efforts to meet production goals. This was a contributing factor to the necessity of importing large quantities of coal.

The recruitment and stabilization of manpower

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178. Eighth General Report, op. cit., p. 152.
179. First General Report, op. cit., p. 37.
180. OEEC, Second Report, op. cit., pp. 37-38.

picture improved in October 1956 with the onset of wage increases, shorter working hours, and other fringe benefits. There were new provisions for the vocational training of juveniles and adults, Belgian and non-Belgian. Signing-on bonuses for "new Belgian entrants" were continued.

In 1957, the labor shortages abated. In June 1957, the Belgian government renewed efforts to ameliorate the social problems that existed in the industry. A law was passed prohibiting employment of youths under 18 for underground work - with the exception of some apprentices between the ages of 16 and 18.[181]

Short-time working was introduced in the Belgian coal mines in the beginning of 1958 in view of the accumulated stocks and the coal recession. Recruitment drives for underground workers virtually ground to a halt. Many workers - principally the foreign ones - were laid off.

After the transitional period, the labor force in the Belgian coal industry diminished to such an extent that by the end of 1962, it stood at only 60 percent of the 1957 level. Table 22 shows the trend of the labor force employed in the Belgian coal mines

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181. Sixth General Report, Vol. II, op. cit., pp. 172, 176.

TABLE 22.

PERSONNEL EMPLOYED IN BELGIAN COAL MINING ('000) [182]

Year	Workers	Apprentices	Salaried Employees	Total
Dec. 1954	-	0.9	-	153.5
Dec. 1955	140.5	2.2	14.8	157.6
Dec. 1956	133.3	1.9	14.7	149.8
Sept. 1957	135.3	3.4	14.8	153.5
Sept. 1958	131.9	2.3	14.7	148.9
Sept. 1959	115.5	2.1	13.4	131.0
Sept. 1960	97.1	1.8	11.7	110.6
Sept. 1961	85.1	1.7	11.1	97.9
Sept. 1962	78.7	1.8	10.3	90.8

since 1954.

Implementation of Article 37 by the High Authority in favor of Belgium in 1959 caused even more disturbances among the labor force as pits were scheduled for closing, and the prospects of unemployment loomed ahead.

The Belgian government was duly concerned over unemployment and the social disturbances that would follow on its heels. Its inaction in reorganization during the transitional period was primarily based on this fear of unemployment.

Their fears were not unfounded. In February 1959 with the drop in coal production, short-time working, and the possibilities of mine closures and unemployment, 100,000 miners struck in the Borinage district. Their protest ended up in rioting which was not con-

182. Seventh General Report, op. cit., p. 221; Eighth General Report, op. cit., p. 280; Ninth General Report, op. cit., pp. 426-427; Tenth General Report, op. cit., p. 581; Eleventh General Report, op. cit., p. 656.

trolled until police dragged out fire hoses and tear gas.[183] Demonstrations flared up elsewhere as well.

The gloomy atmosphere of the Borinage is not a phenomenon of the twentieth century. A clear and vivid description of the mining area was made almost a century ago by the artist Vincent van Gogh, who lived among the miners as an evangelist. In a letter to his brother Theo, he said:

> Most of the miners are thin and pale from fever; they look tired and emaciated, weather-beaten and aged before their time. On the whole the women are faded and worn. Around the mines are poor miner's huts, a few dead trees black from smoke, thorn hedges, dungpiles, ash dumps, heaps of useless coal, etc.[184]

By the end of 1959, short-time working was on the wane (see Table 8). It was even less prevalent in 1960, continuing to decrease thereafter.

Taking note of the unhappy situation of the workers, the High Authority (Decision No. 2/60 of 27 January 1960) authorized commencement of compensation for short-time work in Belgium. Payments were again authorized in 1961.

As less profitable mines were closed, an in-

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183. "Oil Comes In, Coal Piles Up", Business Week (November 7, 1959), p. 128.

184. W. H. Audon, Van Gogh: A Self-Portrait (Nymegen, Holland: N.V. Drukkery G. J. Thieme, 1961), p. 47.

creasing portion of the labor force deserted the coal industry, even though employment was available at other pits.

Wages and benefits in the Belgian coal mines remained high, but they were not incentive enough to lure Belgians into the mines. However, it did attract foreign laborers looking for quick money.

In 1961, there was again a shortage of underground workers except in the Borinage and Centre areas where juveniles were being hired. By the end of September 1962, there were some 1600 job openings in the Belgian coal mines which could not be filled.[185]

Labor conditions in the coal mines have continued to improve. In 1962, there were only 260 work days in the Belgian mines. During the year 1961, actual incomes rose 4 to 5 percent. In 1953 miners worked a gruelling 48-hour week. By 1963, they were moving towards a 40-hour, five-day week. Vacations increased, with additional days off given as a reward for efficiency.

Special social security coverage has also been provided in addition to workers' insurance schemes (accident benefits, old-age and death insurance, and other compensations). The Belgian miners are also

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185. Eleventh General Report, op. cit., p. 410.

receiving larger pensions as of 1958.[186]

Despite the many improvements made, the Belgian coal industry still holds little attraction for Belgian nationals.

Foreign Labor Problems. During the transitional period, there was a heavy concentration of denizen workers imported to fill the void left in the coal mining labor force by indifferent Belgians.

In 1957, the foreigners made up 46.6 percent of the work force. (A curious upshot of this policy was that in some areas of Belgium, Italians came to outnumber the locals.)[187] In 1962, their number dipped slightly to 42 percent.

Of all the countries in the Community, Belgium had the most trouble with its denizen workers. The bulk of these men came to Belgium in pursuit of the high wages being paid in the mines. They wanted to work a few years and then return to their homelands. They were inexperienced. They showed little enthusiasm over training programs; chiefly because they were anxious to get to work as soon as possible as underground workers so as to earn full pay. Ethnic discrimination and language barriers added to the problems.

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186. "Coal Miners Gain in Wages, Vacations, and Social Securuty", European Community (October 1963: No. 66), p. 8.

187. Business Week, op. cit., p. 131.

The labor turnover in the mines was high. Denizen workers were the first to go whenever ther was a cutback or decline in employment. During the coal recession of 1953-54, 6000 denizens were laid off in the Belgian mines as compared to less than 1000 Belgians.[188]

Italians formed the greater percentage of denizen workers in Belgium. At the end of 1962, they accounted for 26 percent of the labor force in the mines. The movement of Italians into Belgium was governed by bilateral agreements between the countries involved and were concluded before the Community came into being. Most of these workers were recruited through the Italian Ministry of Labor. The first agreement was signed in 1946. By the end of 1957, there were 46,200 Italian workers in the Belgian coal industry. This figure was almost halved by 1962 when only 24,300 remained.[189]

The Italian labor force was at the root of much embarrassment for the Belgian government. The Italians were willing to work long, eat little, and cut corners to increase their earnings. Much of the health and

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188. Lister, op. cit., p. 399.

189. Sixth General Report, Vol. II, op. cit., p. 176; Eleventh General Report, op. cit., p. 158; Diebold, op. cit., pp. 441, 443.

safety problems that developed were of their own doing. The bulk of the denizen workers were employed in the southern mines where the working conditions were poor for both health and safety. The Italian government repeatedly voiced concern about these conditions. Few improvements were made, however.

The inter-governmental quarrel came to a head in February 1956, when the Italian government called a halt to the emigration of Italians to Belgium. In August, the pit disaster at Marcinelle occurred in which 296 miners were killed. One hundred of these were Italians. Thereafter, the flow of Italian workers was stopped not only in Belgium, but to the remainder of the Community as well, until such times as the working conditions in the coal mines were improved.[190]

As a result of the tragic Marcinelle incident, the High Authority set up the Mines Safety Commission. Its function was to ensure that the safety regulations in the Community were kept up-to-date in accordance with the most recent safety techniques.[191]

At the end of 1957, the Italian government agreed to permit the resumption of emigration of workers

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190. Ibid., p. 444.
191. ECSC 1962, op. cit., p. 25.

if certain safety measures were carried out in the mines by the end of 1958.

With or without their government's blessings, however, Italian workers continued going to Belgium to work in the coal mines. They circumvented the law by going as tourists, working, and leaving the coal fields as soon as they had accumulated a nest egg.

The Belgian collieries succeeded in maintaining the desired levels in their labor force in 1957 by a continued recruitment program in foreign lands. By the end of the year, they were employing 6000 Greeks, 3500 Spaniards, and 46,200 Italians.[192]

Toward the end of 1957, when stocks were piling up and cutbacks were the order of the day, immigration of foreign labor was stopped. From 1958 onward, the position of the denizen workers was indefinite. On July 31, 1959 the coal industry was barred from recruiting additional foreign labor. During the first nine months of 1961 alone, 5700 denizens were dropped; of whom 3700 were Italians.[193]

During 1961, a scant 59 permits were issued by the High Authority for Community workers to enter Belgium and work in the mines.[194]

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192. Sixth General Report, Vol II, op. cit, p.176.
193. Tenth General Report, op. cit., p. 410.
194. Eleventh General Report, op. cit., p. 426.

TABLE 23.[195]

BREAKDOWN OF NATIONALITIES EMPLOYED IN BELGIAN COAL MINING INDUSTRY ON 30 JUNE 1963 (INCLUDES WORKERS, APPRENTICES AND CLERICAL, TECHNICAL AND MANAGERIAL STAFF)('000)

Denizen Workers

Nationals	German	French	Italians	Dutch	Community
53.4	1.0	0.77	24.3	1.3	27.3

Spanish/ Portuguese	North African	Poles	Greeks	Others	Total
2.5	0.6	3.1	2.1	2.7	38.7

By 1962, the Belgian government lifted the ban on immigration of workers. Recruiting of denizen mine workers resumed. During the first nine months of 1962, 4715 new immigrant labor permits were issued - 1053 to Italians, 2071 to Germans, and 1537 to Spaniards.[196]

Table 23 shows the distribution of denizen workers in the Belgian coal mining industry at the end of 1962.

With mine workers once again in short supply in Belgium, there will probably be a trend towards a continuation of high immigration of denizen workers. Belgian industrialists hope to employ about 50,000 Turkish workers by the end of 1963. About 3000 Turks are now employed in the Belgian coal mines, and it is expected

195. Ibid., p. 658.
196. Ibid., pp. 425-426.

that 200 more will join their ranks shortly.[197]

Readaption. It seemed inevitable that unemployment and social distress would follow in the wake of pit closures. Anticipating this, Section 23 of the Convention authorizes the High Authority to assist in the readaption of workers. Readaption. in a nutshell, is "everything that is needed to ensure a smooth passage from one job to another; tiding-over allowances, resettlement, retraining."[198]

The High Authority set aside funds in order to cope with the problem of unemployment when it arose.

At the beginning, although many miners were laid off due to pit closures, they were quickly hired by other mines, because of the shortage of mine workers. Despite the fact that Bfr 70 million was set aside by the High Authority in 1954 for readaption purposes, it was not touched until 1 February 1958 when 60 Belgian coal workers received assistance.[199]

During 1958, the Belgian government set up a commission of government representatives, labor, and

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197. "Belgium to Hire More Turks", Washington Post (26 October 1963).

198. ECSC 1962, op. cit., p. 7.

199. Sixth General Report, Vol II, op. cit., p. 167.

employer representatives to assist workers in readaption. Such assistance included the promulgation of detailed instructions on readaption benefits.[200]

On 10 February 1958, the High Authority authorized readaption funds for Belgium until 1960; however, each application made by a colliery had to be submitted by the government and approved by the Council of Ministers.[201]

Under this readaption program, tiding-over allowances were paid as follows:

1. For unemployment:

(a) 100 percent of wages previously earned for the first four months.

(b) 80 percent for the next four months.

(c) 60 percent for the final and last four months.

2. During retraining or re-employment, the "net wage is guaranteed ... for the twelve months following discharge."[202]

By 31 December 1958, the High Authority had made readaption credits amounting to $2.12 million available to the Belgian coal industry. However, only $40,000 was needed. Six collieries had been authorized

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200. Ibid., p. 191.
201. Seventh General Report, op. cit., p. 23.
202. Ibid., p. 224.

readaption funds.[203]

In 1959, eight more collieries were granted readaption funds.[204] In that year, the Belgian government requested additional readaption aid. Funds were approved by the High Authority contingent upon the government's promise that it would continue reorganization and prohibit further recruitment. By the end of October, 11,000 workers were laid off, but most of these found new work.[205]

On 26 January 1960, $3 million was approved for continuation of the special assistance scheme. This assistance called for the payment of 20 percent of the daily wage to the miners after the second day of short-time work within any month. The maximum number of days it was to be paid on was fixed according to a descending scale (8 days for January and February, 7 days for March and April, etc.) until 30 September 1960.[206]

Readaption had assisted 28,900 workers by the end of 1960 in Belgium. Despite the increased number of closures, underground workers found new jobs rapidly.

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203. Ibid., p. 303.
204. Eighth General Report, op. cit., p. 282.
205. Ibid., p. 286.
206. Ibid., pp. 132-133.

In September, 1000 underground and 1300 surface workers were still registered as unemployed.[207]

An additional 6000 workers were laid off in 1961 as a result of elevel pit closures. Due to the need for workers at other pits, most of these workers were re-employed. By the end of September, only 1400 coal workers were unemployed.[208]

From 1 February 1962 to 31 January 1963, three readaption decisions were approved. These funds amounted to $470,000 and aided 3,150 workers. During this period there was once more an increase in demand for mine workers. All the underground workers found work. Those surface workers that could not find work were retrained for jobs elsewhere.[209]

It became apparent in 1959 that readaption alone was not the answer. Redevelopment programs had to be introduced to work along with readaption in coping with unemployment.

> Workers in depressed areas often were reluctant to leave their homes and accept new jobs - even at higher rates of pay. This reticense to move was particularly evident during the Belgian coal crisis of 1961-62 when inefficient mines were

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207. Ninth General Report, op. cit., p. 274.
208. Tenth General Report, op. cit., p. 427.
209. Eleventh General Report, op. cit., pp. 446-447.

closed in the southern part of the country. These workers demanded redevelopment projects which would create new jobs in the same areas.[210]

Charles Muller, the Economic Counselor to the Belgian Embassy in Washington, D.C. recently told this writer that the readaption program in Belgium does not primarily affect the indigenous coal miners. Since the Belgians do not want to work in the mines, anyway, a large percentage of those affected by pit closures are now foreigners. A large number of the miners being readapted are, therefore, not Belgians, but those denizen workers who have moved to Belgium to live and to work in the mines.

The chief problem, Mr. Muller pointed out, once the pits have closed down is the need to sustain the local economic interests which have earned their livelihood from the coal miners. It is not enough to retrain workers for other industires elsewhere. Some new industries must come into the areas.*

During 1957 the Belgian government passed legislation to aid in the buildup of new industries in areas that were insufficiently developed. The Borinage, Centre, and parts of the Liege districts were included

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210. Labor in the European Community (No. 3. Washington, D.C. Information Service of the European Community, April, 1964), p. 2.

*. The interview took place on 24 May 1964.

in the program. The Council of Ministers and the High Authority also decided to examine the possibilities of their lending a hand with redevelopment in these critical areas.

An Intergovernmental Conference was set up in 1959 to discuss redevelopment possibilities. In all, 160 delegates from the Community and the United Kingdom were present.[211]

The High Authority took action under Article 56 of the Treaty (which authorizes financial assistance for redevelopment) to commence work along the lines suggested by the Conference report. This action took three directions:

1. Redevelopment of areas affected by pit closures.
2. New redevelopment operations.
3. New studies.[212]

By 1963, the High Authority had granted loans for the development of four new industries in the Borinage and the Liege districts.

In 1961, iron and steel concerns of Belgium decided to build a new galvanizing line in the Liege which would provide 470 new jobs. The Liege Societe Provinciale d'Industrialisation was established on

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211. Ninth General Report, op. cit., pp. 282,284.
212. Eleventh General Report, op. cit.,p. 448.

17 February 1961 as a "joint public/private intercommand corporation" for economic expansion and development in Liege. Its initial undertakings were expected to make 4000 new jobs.[213]

The Societe Aleurope received a loan on 22 February 1962 from the High Authority for the purpose of building an aluminum factory at Ghlin-Baudour in the Borinage to be operational in 1963. It would provide jobs for from 500 to 750 workers, of whom 15 to 20 percent were to be women. Mine workers were to have first crack at these jobs.

On 22 November 1962, another loan was granted to the Societe Pirelli-Sacic to build a rubber goods factory in Ghlin-Baudour, which would provide an additional 500 to 600 new jobs, of which 15 percent would be for women.[214]

By the time these new projects are operational, the problem of unemployment in the Liege and Borinage areas should be solved. Some readaption aid will certainly be necessary. Readaption and redevelopment will continue to work hand in hand to alleviate the social problems in the Belgian coal fields.

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213. Tenth General Report, op. cit., p. 431.
214. Eleventh General Report, op. cit., pp. 450-454.

CHAPTER V

CONCLUSION

I. IMPLICATIONS FOR BELGIUM

The prophets of doom could paint a pretty gloomy picture of the future of coal in Belgium. Men don't want to work in the mines. The seams are thin. American coal is cheaper. Oil from the Near East and Africa and gas from the Netherlands are both plentiful and cheap. Atomic energy is on the horizon.

But the truth is that the coal industry in Belgium is far from dead. After 10 years in ECSC - during which time the High Authority and Belgian government have used a variety of programs to prop it up - the coal industry is beginning to see the light of day. The last of the marginal mines are on the way out. Modernization is the order of the day in the remaining mines.

The Belgian government failed to give the vigorous leadership during the post-war and transitional periods that would have sparked the rehabili-

tation program and put the industry on a sure footing earlier.

After World War II, Belgium was in a reasonably good financial position to improve the efficiency of her high-cost mines and to make them more competitive. The government's eyes were not closed to the situation. The government poured large sums of money into the mines. Anxious to prevent meddling in private business, however, the government did not manage or control these investments. They let industry do it. And industry did not do it well. The large demand for coal gave the industry a false sense of security. It put off until tomorrow that which should have been done promptly.

The Germans could not be blamed for feeling on the eve of the beginning of the Common Market for coal that the Belgian government should set its own house in order, and that it was not a job for the Community.

Ironically, the Germans, who most opposed the entry of Belgian high-cost coal into the Community, are now calling for subsidies and controls on imports and investments "in the coal sector" within the Community.[1]

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1. "German Unions Favor Coal Subsidies," European Community (No. 65. September, 1963), p. 16.

When the coal crisis hit, rehabilitation and recovery began in earnest with the government and High Authority at the helm ensuring that the programs would be carried out. Strangely enough, even then the Belgian government had to be prodded to do such things as submitting subsidy requirements and schedules for pit closures.

Although the Belgian government has viewed the Community as a "headache", because of all the labor problems that arose, it has also considered it as a blessing. The Community has given the Belgian government the incentive to take charge and to carry out a reorganization program.[2]

> It may be significant, too, that during the 1961 general election in Belgium, the country whose economy has perhaps most to fear from integration with its neighbors, and in whose depressed coal mining area the ECSC is widely if unjustly blamed for the closure of uneconomical pits, no candidate other than the Communists denounced the European Community as such; opposition spokesmen preferred to attack the Government for its alleged failure to prepare the Belgian economy for the Common Market impact.[3]

Control of the Belgian collieries by the Bel-

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2. From the interview with Mr. Charles Muller.

3. Richard Mayne, The Community of Europe (New York: W.W. Norton and Company, Inc., 1963), p. 14.

gian government will probably continue. As stability of labor and production in Belgium improve, it appears certain that Belgian coal will be in an even more competitive position.

Although the Belgian coal industry is in a much better position than it was at the establishment of the Common Market for coal, the future of Belgian coal is dependent, as are the coal industries of the other Community members, on the developments that take place in other energy fields.

Mr. Muller told this writer that the discovery of such a large deposit of gas in the Netherlands has completely changed the complexion of the future energy picture in the Community. In his opinion, the Dutch will try to sell this gas as quickly as possible at a very cheap rate for the next 25 years. After that, atomic energy will be much cheaper than even gas.

This gas field in the Netherlands is estimated to be one of the largest in the world with 40 trillion cubic feet of gas.[4] Although the Belgians have just begun their off-shore search for gas, according to Mr. Muller, there is a hope among the states bordering the North Sea that oil may also be

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4. Howard Simons, "North Sea a Possible Gasser", Washington Post (24 May 1964), p. E 4.

present.

At present, the three European Communities - ECSC, EEC, and Euratom - are negotiating to merge their various functions into a single Community. At these negotiations, efforts are also being made to establish a common energy policy for the Communities by 1967.[5] Should this be accomplished, the common energy policy would coordinate the flow of all kinds of energy throughout the Community and provide a *modus vivendi* between coal, oil, and other energy sources.

II. IMPLICATIONS FOR EUROPEAN UNITY

Belgium's experience in the ECSC has been a microcosm of European unity. For over 10 years - in respect to her coal industry which we have just reviewed in detail - Belgium has acted in concert with her neighbors, Germany, France, the Netherlands, and Italy. As Professor Debousse stated in 1954, the future of the Borinage would be "a test for the entire activity of the Community."[6]

To the extent that the ECSC experiment in integrated economy has succeeded, so too has the cause

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5. "Six to Prepare Common Energy Policy for 1967 Merger," *European Community* (No. 71. May, 1964), p. 14.

6. Mason, *op. cit.*, p. 99.

of a United States of Europe been forwarded. If Europe with its spectrum of tongues and customs can unite over the difficult coal market, the implications are clear that she can also unite over the entire economic field.

More specifically, if Belgium - with her plethora of old mines and inefficient equipment - could make the grade in the Common Market for coal, it is not unreasonable to conclude that Germany with her small, inefficient, highly subsidized farms can make the grade in a Common Market for agriculture , even in the face of large French farm surplus. Once the thorny agricultural question is settled, perhaps the climate will be right for political integration. Then a United States of Europe will become a reality.

The economic union brought about by ECSC has not worked miracles. It was not expected to. However, under the ECSC's direction, the Belgian miners - together with those of the rest of the Community - have found an improved standard of living. The high-cost marginal Belgian mines which have been such a problem to that nation for years

have been phased out with a minimum of disorder and social displacement.

There has been some bitterness, of course, in the wake of pit closures and resultant unemployment in Belgium. The Belgians have chafed more than once over the High Authority's dirigisme. The High Authority, in turn, has been exasperated by the reluctance of both government and mine owners in Belgium to move forward vigorously. But progress has been consistent.

Such disagreements are not in themselves stumbling blocks to further economic and political integration. (In a sense, the "states rights" problems in the United States are analogous to the "national interests" problems of Europe.)

French president Charles de Gaulle has set up a roadblock against further unification at this time. His agricultural policies, his exclusion of Britain from the Common Market in 1963, and his insistence on a loosely confederated "Europe of the Fatherlands"[7] have caused dissension among the Six. Hopes for a federated Europe are dormant but not dead. The Belgians continue to champion "full

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7. "Benelux in the Common Market", op. cit., p. 297.

fledged political integration to match economic integration."[8]

Experiments in European federation have won the endorsement of the man in the street in Belgium. A poll conducted in December 1962 which asked the Belgians the question, "Are you for or against the efforts to unify Europe?", received an affirmative vote from 65 percent of those questioned. Of those polled, 42 percent thought that unification could be achieved in 10 or 15 years.[9]

When the ECSC Treaty was signed, it was:

> "...printed in Louis XIV type with German ink on Dutch vellum" and "bound in Belgian parchment...adorned with a marker of Italian silk."[10]

The signators hoped that this unity would be more than symbolic. As the High Authority recently asserted, "If the ECSC accomplishments are abandoned, the whole work of uniting Europe will lose substance and strength."[11]

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8. Ibid.
9. Ibid., p. 296.
10. Hans A. Schmitt, "The European Communities", Current History (November 1963) p. 260.
11. "ECSC Asks more Power in Merged Communities", European Community (No. 71. May, 1964), p. 15.

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APPENDIX

APPENDIX A

Convention Containing The
Transitional Provisions

Belgium

SECTION 26

1. It is agreed that new Belgian coal production:
- shall not have to bear an annual reduction of more than 3 percent as compared with the preceding year, if the total production of the Community is the same as or greater than that of the preceding year; or -
shall not be less than Belgian production during the preceding year decreased by 3 percent, the figure thus obtained being further reduced by the coefficient of reduction suffered by the total production of the Community as compared with the preceding year.

The High Authority, which is responsible for the regular and stable supply of the Community's requirements, shall draw up long-term forecasts of production and trade and, after consulting the Consultative Committee and the Council, shall, as long as the Belgian

market remains separate from the common market under the provisions of paragraph 3 below, address to the Belgian Government recommendations on the shifts in production which it considers possible on the basis of such forecasts. With the agreement of the High Authority, the Belgian Government shall decide what steps are to be taken to bring about such shifts in production within the limits specified above.

2. The compensation system is designed, starting from the beginning of the transition period:

(a) to make it possible to bring the price of Belgian coal to all consumers in the common market as close as possible to prices in the common market generally, so as to reduce Belgian prices to a level near that of the estimated costs of production at the end of the transition period.

(b) to ensure that the Belgian steel industry is not prevented by the special arrangement for Belgian coal from joining the common market for steel, and from lowering its prices for this purpose to the level practised in this market.

The High Authority shall periodically fix the amount of the additional compensation for Belgian coal delivered to the Belgian steel industry which it considers necessary for this purpose, taking into account

all aspects of the running of this industry. In doing so, the High Authority shall ensure that such compensation does not have harmful effects on the steel industries of neighboring countries. Furthermore, in view of the provisions of sub-paragraph (a) above, such compensation must in no case lead to reducing the price of the coke used by the Belgian steel industry below the delivered price which it could obtain if it were supplied with Ruhr coke.

(c) to grant additional compensation for such exports of Belgian coal within the common market as the High Authority may find to be necessary in view of the prospects for production and requirements in the Community as a whole; such compensation shall correspond to 80 percent of the difference, to be determined by the High Authority, between the delivered price (F.O.B. plus transport) of Belgian coal and the delivered price of coal from the other countries in the Community.

3. Notwithstanding the provisions of Section 9 of this Convention, the Belgian government may retain or set up, under the control of the High Authority, mechanisms making possible the separation of the Belgian market from the common market.

Imports of coal from third countries shall be subject to the approval of the High Authority.

These special arrangements shall be ended as described below.

4. The Belgian Government undertakes to abolish the schemes described in paragraph 3 above not later than the end of the transition period. After consulting the Consultative Committee and with the agreement of the Council, the High Authority may, not more than twice, give the Belgian government an extra year's grace, if it finds that exceptional circumstances not now foreseeable render such a step necessary.

The integration of the Belgian coal market into the common market which is thus provided for shall take place after consultation between the Belgian government and the High Authority, who shall jointly determine the appropriate means and procedures. Notwithstanding the provisions of sub-paragraph (c) of Article 4, these procedures may allow the Belgian government to grant subsidies which correspond to the additi nal operating costs arising out of the nature of its coal deposits, and which take into account any expenses resulting from manifest disequilibria which

increase operating costs. The procedures for granting such subsidies and their size shall be subject to approval by the High Authority, which must ensure that the amount of the subsidies and the tonnage subsidized are reduced as quickly as possible, taking account of the facilities for re-adaption and of the extension of the common market to products other than coal and steel, while not allowing the size of decreases in production to provoke fundamental disturbances in the Belgian economy.

Every two years the High Authority must submit to the Council for approval proposals relating to the tonnage likely to require subsidies.

APPENDIX B

Treaty Establishing The
European Coal and Steel Community

ARTICLE 37.

If a member State considers that in a given case an action of the High Authority, or a failure to act, is of such a nature as to provoke fundamental and persistent disturbances in the economy of the said State, it may bring the matter to the attention of the High Authority.

The High Authority, after consulting the Council, shall if it is appropriate recognize the existence of such a situation, and decide on the measures to be taken, under the terms of the present Treaty, to correct such a situation while at the same time safeguarding the essential interests of the Community.

When an appeal is lodged before the Court under the provisions of this Article against such a decision or against the explicit or tacit decision refusing to recognize the existence of the situation mentioned above, the Court shall review the cogency of such a

decision.

In case of annulment, the High Authority shall decide, within the framework of the Court's judgment, the measures to be taken to fulfil the objectives set forth in the second paragraph of this article.

At the request of a member State or of the High Authority, the Court may annul the resolutions of the Assembly or of the Council.

The request must be submitted within one month from the publication of such a resolution of the Assembly or the notification of such a resolution of the Council to the member States or to the High Authority.

Such an appeal may be made only on the grounds of lack of legal competence or major violations of procedure.

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